CHAPTER 8 – BALANCE SHEET ACCOUNTS

Introduction

A balance sheet is a financial statement that reports the assets, liabilities, and fund balances of a district. It exhibits the financial position of the district at a specified date. This differs from revenue and expenditure reporting that describes the flow of resources during a period of time which impact the net worth of the district.

Balance sheet accounts are meaningful in understanding the financial status of each fund and the resources of the district as a whole. Some of the accounts may be used in any fund. Any fund may have cash, receivables (money owed to the fund), or payables (money owed by the fund) that together provide a means by which a fund balance may be calculated. However, not all of the accounts are appropriate to all of the funds because of the specific nature of the activity allowed in each fund.

Generally Accepted Accounting Principles (GAAP) are used in the application of UFARS unless they conflict with state law. A basic rule of GAAP is that assets equal liabilities plus fund balance. Governmental funds are termed self-balancing, since each fund's assets minus its liabilities must equal its fund balance. To accomplish this, each entry that increases or decreases an asset, liability, or fund balance account will be offset by a corresponding entry to another account within the same fund. This is known as double entry accounting.

The amounts stated in the current asset, current liability and fund balance accounts are required to show the net worth of the LEA. For a full depiction of the financial condition of the LEA, two additional account groups are used. The General Fixed Asset Account Group represents historical dollars spent for land, buildings and equipment. The General Long-Term Debt Account Group represents the long-term liabilities of the district, such as bonds payable, severance pay, or vacation pay.

When balance sheet accounts may be used with only specific funds, the funds are noted in the title. Otherwise, any appropriate fund is to be used.

Due to its use of the full accrual method of accounting, an internal service fund may use all of the balance sheet codes listed. Included are codes previously reserved for the General Fixed Asset Account Group (98) and the General Long Term Debt Account Group (99).

The Balance Sheet Dimension has the following categories:

Asset Accounts	
Current Asset Accounts (Funds 01-09 and 20)	101-139
General Fixed Asset Account Group (Fund 20 and Account Group 98)	140-149,171-174
General Long-Term Debt Account Group (Account Group 99)	150-162
Liability Accounts	
Current Liability Accounts (Funds 01-09, and 20)	201-235
Long-Term Liabilities (Fund 20 and Account Group 99)	250-262
Fund Balance Accounts:	
Nonspendable	460
Restricted/Reserved	403-417, 424-428, 431-453
Restricted	464
Committed	418, 461
Assigned	462
Unassigned	422, 463

Investment in General Fixed Assets
(General Fixed Asset Account Group 98 only) 430

ASSET ACCOUNTS (100)

Assets are defined as the resources owned or held by a school district. Since each fund has its own asset accounts, every account must include a fund number to identify which fund is to be affected.

CURRENT ASSET ACCOUNTS (101-139)

Code Title and Definition

101 Cash and Cash Equivalents

Cash includes currency on hand and demand deposits (checking accounts and liquid savings accounts) deposited with board-approved banks or other financial institutions. Petty cash, change funds and travel advance funds are to be included as cash on hand. An investment which, when acquired, matures in 3 months or less may be considered to be a cash equivalent. Depository institutions must be selected in compliance with Minnesota Statutes, section 118A.

103 Cash with Fiscal Agent

Represents deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest. An example that would utilize this account would be an advance repurchase agreement.

104 Investments

Represents purchases of securities held for the production of revenues. The value of investments in this account should be the purchase price when the investment is purchased. For securities that have been sold, this account should be reduced by only the amount of the initial investment. Districts may invest only in authorized securities that include commercial certificates of deposit or obligations of governmental units (Minn. Stat. § 136F.91).

110 Current Property Taxes Receivable

Represents current real and personal property tax levies which were certified the previous October and are payable in the current calendar year. Current taxes receivable equals the current spread tax levy that is the net of state or county adjustments. The spread tax levy is calculated according to the School Tax Report (ED-00119-XX):

	The certified levy (positive)
+	County auditor adjustments (negative or positive)
+	Fiscal disparity adjustments (negative)
+	HACA adjustments (negative)
+	Disparity aid adjustments (negative)
=	**Current Property Taxes Receivable**

The current property taxes receivable account should be reduced for current property taxes received prior to year-end for county auditor tax settlements received in May and June. The net amount in this account will be carried on the year-end books for current property taxes receivable.

111 Delinquent Property Taxes Receivable

Represents taxes payable in the prior six calendar years that have not been received by the school district. A district should verify its records of delinquent taxes receivable by fund against the information supplied by the local county auditor.

115 Other Accounts Receivable

Represents amounts received from individuals, firms or corporations for goods and services furnished by the district. Exclude any receivables listed in a separate account in this series.

116 Interest Receivable

Represents the amount of interest earned but not received from outstanding investments or interest-bearing cash deposits.

118 Due from other Funds

Represents amounts due from one fund to another fund in the district for goods sold, services rendered or short-term borrowing. This account includes only short-term obligations and not long-term loans. For a reporting unit, the sum total of all 118 Due from Other Funds accounts equals the sum total in all funds of Balance Sheet Code 205, Due to Other Funds.

120 Due from other Minnesota School Districts

Represents amounts due from other school districts and joint power organizations. This includes tuition, transportation costs, reimbursable expenditures and other interdistrict agreements earned but not received.

121 Due from Minnesota Department of Education

Represents amounts due and unpaid from the Minnesota Department of Education (MDE). At fiscal year-end, this account would include any estimated final aid payments. It is recommended that subaccounts be maintained locally for the individual aid categories.

122 Due from Federal Government through the Minnesota Department of Education

Represents amounts due from federal sources and unpaid by MDE. Includes only aids where the district has incurred eligible expenditures but has not yet been reimbursed.

123 Due from Federal Government Received Directly

Represents amounts due from federal sources and unpaid by the federal government. Includes aids where the district has incurred eligible expenditures but has not yet been reimbursed.

125 Due from other Governmental Units

Represents amounts due and unpaid from other governmental units. Includes uncollected revenues from all governmental units (e.g., county, another state) except those specifically listed above.

129 Commodities (Fund 02)

Represents the value of commodities donated by the U.S. Department of Agriculture and food purchased with cash-in-lieu-of commodities. The value of USDA donated commodities is computed from the "standardized commodities costs" provided by the Child Nutrition Section, Minnesota Department of Education. The inventory value must be supported by an annual physical count. Commodities are not recognized as revenue until they are used; see Balance Sheet Code 230, Deferred Revenue.

130 Inventory

Represents amounts of supplies, textbooks, food and other items being stored for future use. The district shall use the consumption method for inventory reporting. The costs of land, buildings, and equipment are not included in the inventory account but rather are included in the General Fixed Asset Group of Accounts.

131 Prepaid Expenditures and Deposits

Represents advanced payment amounts for goods and services not yet received. This account represents the unexpired value of prepaid and deposit items. This account includes prepaid items such as rent, insurance, and fuel oil. It also includes deposits of items such as funds deposited by districts as a prerequisite to receiving goods or services. If a district does not maintain central stores and expends supply items as purchased, this account may include purchases paid for at fiscal year-end and clearly identified to next year's budget.

139 Lease Receivable

Represents the amount to be received from a direct financing lease in succeeding fiscal years. This amount should also be accounted for in the Fund Balance Liability Code 230, Deferred Revenue.

GENERAL FIXED ASSET ACCOUNT GROUP - (140-149)

This account group comprises a self-balancing group of accounts set up to account for the general fixed assets of a school district. It is not associated with any particular fund, except for Fund 20, Internal Service Fund. To comply with Generally Accepted Accounting Principles (GAAP), fixed assets (e.g., land or buildings) are recorded at historical cost (i.e., the original price). In instances where reliable historical cost figures are not available, a district may use an alternative method to approximate the historical cost. Donated assets are recorded at estimated fair value at the date of donation.

Code Title and Definition

140 Land

Represents the cost of land owned by the district. This account includes the purchase price and costs such as legal fees, filling and excavation costs or any other costs that put the land in condition for its intended use. This account also includes land acquired by gift. Use the appraised value of the donated property at time of acquisition.

141 Land Improvements

Represents the cost of permanent improvements, other than buildings, which add value to land. This account includes improvements as landscaping, fences, retaining walls, parking lots, sidewalks and pavements. It also includes special assessment charges for permanent improvements.

142 Buildings

Represents the cost of permanent structures used to house staff, students and property that is owned by the district. This account includes the purchase or contract price of all permanent buildings and fixtures forming a permanent part of such buildings. It also includes the appraised value of buildings acquired by gift. This account also includes the cost of heating systems and related fuel storage tanks, air conditioning, ventilation, electrical, plumbing, fire protection, and other building service systems, built-in equipment, carpeting and draperies.

143 Equipment

Represents the cost of tangible property of a durable nature other than land, land improvements and buildings. Equipment includes machinery, tools, fully depreciated or noneligible pupil transportation vehicles, trucks, cars, furniture and fixtures. A distinction should be made between supplies and equipment in accordance with GAAP. Supplies are defined as those items that have a lesser value and are expendable or are consumed in use. Equipment items are tangible units of a nonexpendable character; are not consumed in use; have an extended useful life; and are of material value.

148 Property and Equipment under Capital Lease

The amount reported is generally the lesser of: (1) the present value of the minimum lease payments at the beginning of the lease term, excluding executory costs (e.g., insurance or maintenance) or (2) the fair value of the leased property at the inception of the lease.

For more detailed information on the accounting requirement for leases, refer to the Statement of Financial Accounting Standards (SFAS) 13 issued by the Financial Accounting Standards Board.

149 Construction Work In Progress

Represents the cost of construction work undertaken but not yet completed.

GENERAL LONG-TERM DEBT ACCOUNT GROUP – BUDGETING ACCOUNT (150-162)

This account group is not associated with the Debt Service Fund or any other fund except for Fund 99, General Long-Term Debt Group. It comprises a self-balancing group of accounts set up to account for the assets necessary to meet the general long-term liabilities of a district including bonds, loans and severance pay.

Code Title and Definition

150 Amount Available for Retirement of Bonds and State Loans

Represents the fund balance that is available in the Debt Service Fund 07 and the OPEB Debt Service Fund 47 to retire bonds and state loans.

151 Amount to be provided from Property Taxes for Long-Term Debt Payments

Represents the amounts needed from property taxes in the future to retire the principal of all long-term debt other than severance pay and compensated absences. It equals the sum of Long-Term Liabilities less amounts in Balance Sheet Account Codes 150, 152, 160, 161 and 162. Charter schools are to use this balance sheet code for long-term bank loans.

152 Amount to be provided for Capital Lease Agreements

Represents the amount needed to meet capital lease agreements.

160 Amount Available for Separation/Retirement Benefits

Represents the Restricted/Reserved Fund Balances in the operating funds for Balance Sheet Account Code 452, Restricted/Reserved for OPEB Bond Proceeds not held in a Trust, Balance Sheet Account Code 453, Restricted/Reserved for Unfunded Severance and Retirement Levy, and the Committed Fund Balance in the operating funds for Balance Sheet Account Code 418, designated for Separation/Retirement Benefits.

161 Amount to be provided for Separation/Retirement Benefits

Represents the amounts needed to meet future separation and severance pay commitments. The balance of this account equals the amount shown in Balance Sheet Account Code 260, Separation/Retirement Benefits Payable, less the amount recorded in Balance Sheet Account Code 160, Amount Available for Separation/Retirement Benefits.

Note: This account may have a negative balance if there is a balance in Balance Sheet Account Code 452, Restricted/Reserved for OPEB Bond Proceeds not held in a trust.

162 Amount to be provided - Compensated Absences

Represents the amount needed to meet future commitments for compensated absences as recorded in Balance Sheet Account Code 262, Compensated Absences Payable.

GENERAL FIXED ASSET ACCOUNT GROUP - DEPRECIATION (171-174)

171 Accumulated Depreciation on Land Improvements (Contra Asset)

Represents the amount of accumulated depreciation to date on land improvements included in Balance Sheet Account Code 141, Land Improvements.

172 Accumulated Depreciation on Buildings (Contra Asset)

Represents the amount of accumulated depreciation to date on buildings included in Balance Sheet Account Code 142, Buildings.

173 Accumulated Depreciation on Equipment (Contra Asset)

Represents the amount of accumulated depreciation to date on equipment in use included in Balance Sheet Account Code 143, Equipment.

174 Accumulated Depreciation on Property and Equipment under Capital Lease (Contra Asset)

Represents the amount of accumulated depreciation to date on property and equipment under capital lease included in Balance Sheet Account Code 148, Property And Equipment Under Capital Lease.

LIABILITY ACCOUNTS (200)

Liabilities are defined as the amounts owed by the school district.

CURRENT LIABILITIES ACCOUNTS (201-235)

Code Title and Definition

201 Salaries and Wages Payable (Any Fund Except 07)

Represents salaries and wages for personal services performed but not yet paid.

202 Short-Term Indebtedness

Represents the principal due on short-term certificates issued in anticipation of tax collections and state aids (Minn. Stat. § 126C.50-56), warrants (Minn. Stat. § 123B.12), reverse repurchase agreements (Minn. Stat. § 118A.05), and lines of credits (Minn. Stat. § 123B.12). See Balance Sheet Code 208 for interest payable.

205 Due to other Funds

Represents the amount due to one fund from another fund in the district for goods sold, services rendered, or short-term borrowing. This account includes only short-term obligations and not long-term loans. For a reporting unit, the sum total in all funds of all Due To Other Fund accounts equals the sum total in all funds of all Balance Sheet Accounts 118, Due from Other Funds.

206 Other Accounts Payable

Represents amounts owed to individuals, firms or corporations (not school districts or other governmental districts) for goods and services received by the district. Excluded from this account are other separately listed types of liabilities listed in other accounts in this series.

207 Judgments Payable

Represents amounts to be paid by the district as the result of court decisions, including condemnation awards for private property taken for public use.

208 Interest Payable

Represents the amount of interest accrued but unpaid, including interest due on the Balance Sheet Account 202, Short-Term Indebtedness. Do not include interest on long-term debt that is accounted for in the Debt Service Fund and is recorded on its due date.

209 Other Current Liabilities

Represents the current portion of liabilities not recorded elsewhere in this series and not owed for goods and services (see Balance Sheet Code 206). Current liabilities are those that will be liquidated using current spendable resources.

210 Due to other Minnesota School Districts

Represents amounts owed to other school districts and joint power organizations. This includes tuition, transportation costs, reimbursable expenditures and other interdistrict agreements.

212 Due to other Governmental Units

Represents amounts owed by the district to other governmental units excluding amounts owed as defined in Balance Sheet Code 210, Due To Other Minnesota School Districts. Include overpayments made to the district by the federal or state governments, and sales taxes collected on the sale of materials.

213 Property Tax Shift Adjustment (Fund 01)

Represents an (over/under) payment of state aid due to the property tax shift process. The balance in this account equals the difference between property tax shift revenue and actual state aid payment reductions. It is recommended that districts maintain subaccounts for each year's property tax shift adjustment.

214 Advance of Unearned General Education Aid

For districts that have statutory early recognition amounts in excess of spring tax settlements, this account represents the difference between cash receipts from spring tax settlements and the early recognition amount in Minnesota Statutes, section 123B.75, Subdivision 5b. The difference is the amount of general education aid that is recognized early.

215 Payroll Deductions and Employer Contributions (Any Fund except Fund 07)

Represents amounts that have been deducted from employees' salaries but have not been paid to the designated agencies. This account also includes the employer's share of payroll liabilities and fringe benefits that are due or earned but unpaid. Include items such as withholding taxes, insurance, annuities, pensions, and union deductions.

218 Claims Payable

Represents liabilities for losses incurred but for which claims have not been paid. Include estimates of expenditures relating to self-insurance programs whereby a loss has occurred in the current period but the payment has not yet been made.

219 Charter School Building Lease Payable (Fund 01)

Represents amounts due but unpaid by a charter school for building lease payable or building rent payable for the current fiscal year.

220 Construction Contracts Payable (Any Fund except Fund 07)

Represents amounts due but unpaid by a district for work completed on contracts for the construction of buildings, structures, and improvements.

230 Unearned Revenue (Appropriate Fund)

Represents all payments of revenue received that will not be earned until a future period. Do not include property tax amounts recorded in Balance Sheet Code 235, Property Taxes Levied for Subsequent Year's Expenditures.

231 Deferred Inflows of Resources – Unavailable Revenue – Delinquent Taxes

Represents an amount equal to the Balance Sheet Code 111, Delinquent Property Taxes Receivable, less any delinquent taxes that are to be received within 60 days.

235 Deferred Inflows of Resources – Property Taxes Levied for Subsequent Year's Expenditures

Represents all current levies of local taxes (including state adjustments) that are not to be recognized as revenue until the following fiscal year. On June 30, the balance in this account equals the tax levy certified in the current fiscal year less the amount recognized in the current period as property tax shift revenue (Source Code 020, Property Tax Shift Recognition). The tax levy certified in the current fiscal year is also represented in the Balance Sheet Code 110, Current Taxes Receivable.

LONG TERM LIABILITIES (250-262)

Code Title and Definition

250 Bonds Payable

Represents the face value of general obligation bonds issued and unpaid.

251 Equipment Notes Payable

Represents the capital notes and long-term certificates of indebtedness for equipment purchases. The principal and interest from notes payable will be repaid from the Debt Service Fund (Minn. Stat. § 123B.61).

252 Capital Improvement Loans Payable

Represents the amount equal to the outstanding principal on loans received for the purpose of financing capital improvement.

253 Energy Loans Payable

Represents the outstanding principal of loans received from the Minnesota Department of Energy and Economic Development for the purpose of energy conservation investment (Minn. Stat. § 126C.40, Subd. 5).

254 Capital Lease Payable

Represents the principal of capital leases that are outstanding and unpaid. These are capital leases which have a terminal date and which result in the acquisition of equipment, vehicles, or technology equipment.

255 Capital Loans Payable

Represents the principal of capital loans that are outstanding and unpaid. Capital loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing or equipping school buildings under contract to be entered into within 12 months from and after the date on which each loan is granted (Minn. Stat. § 126C.69***).***

Note: According to Minnesota Statutes, section 126C.69, Subd. 2, "beginning July 1, 1999, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than 41.98 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt." Only the following schools may report activity in Balance Sheet Account 255: Kelliher, ISD 36; Red Lake, ISD 38; Foley, ISD 51; Cromwell, ISD 95; Caledonia, ISD 299; LaPorte, ISD 306; Ogilvie, ISD 333; Little Fork, ISD 362; Roseau, ISD 682; Warroad, ISD 690; Nett Lake, ISD 707; East Central, ISD 2580.

256 Debt Service Loans Payable

Represents the principal of debt service loans that are outstanding and unpaid. The proceeds of the loan are to be used only for the payment of principal and interest on outstanding bonds (Minn. Stat. § 126C.68). Charter schools are to use this balance sheet code for long-term bank loans.

Note: Only the following schools may report activity in Balance Sheet Account 256: Foley, ISD 51; Cromwell, ISD 95; Roseau, ISD 682; Warroad, ISD 690.

260 Separation/Retirement Benefits Payable

Represents the total liability related to separation and severance pay commitments to employees who are vested, including the cumulative annual unfunded/overfunded pensions and other-postemployment benefits. The amount recorded in this account equals the total of Balance Sheet Account Code 160, Amount Available for Separation/Retirement Benefits, and 161, Amount to be provided for Separation/Retirement Benefits.

261 Special Assessments and Long-Term Lease Payables

Represents two types of long-term debt; debt for special assessment charges [see Governmental Accounting Standards Board (GASB) 6] and debt for long-term lease commitments (present value of minimum lease payments).

262 Compensated Absences Payable

Represents the liability related to future vacation, sick leave and other leave benefits, excluding severance pay that is recorded in Balance Sheet Account Code 260, Separation and Severance Payable.

FUND BALANCE ACCOUNTS (400)

Effective for FY 2011 and later years, Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, requires fund balance to be classified in one of five categories: nonspendable, restricted, committed, assigned or unassigned.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Amounts not in a spendable form include items that are not expected to be converted to cash, for example, inventories and prepaid amounts. Also included are the long-term amounts of loans and notes receivable, as well as property acquired for resale. An example of an amount legally or contractually required to be maintained intact would be the corpus (or principal) of a permanent fund (i.e. endowment). The government-wide statements will record this as “nonexpendable” within restricted net assets.

The restricted fund balance uses the same definition as reported for net assets under GASB Statement No. 34, Basic Financial Statements, and Management’s Discussion and Analysis – for State and Local Governments. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

a) Externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments); or

b) Imposed by law through constitutional provisions or enabling legislation which authorizes a government to levy, charge or otherwise mandate payment of resources from external providers.

In accord with GASB 54, the Minnesota Department of Education has retained existing balance sheet account codes for statutorily required reserves and re-titled these accounts “Restricted/Reserved.” Restricted/reserved fund balances represent the available resources dedicated by statute for specific purposes (e.g., staff development or adult basic education). If all of the revenues are not used within a fiscal year, they are held separate from other balances to be expended in future fiscal years.

Generally, a restricted/reserved account fund balance may not go into deficit without specific legislative authority. However, some restricted balance’s expenditure amounts may exceed the available fund balance and create a deficit fund balance until future funding is received. Also, the Restricted for Operating Capital Account 424 may be overspent only when there is prior approval from the commissioner on a deficit removal plan. A notation is included with each of the restricted fund balance account descriptions indicating whether a deficit balance is allowed. If disallowed, a district must reclassify expenditures at year-end to avoid having a negative fund balance account.

The committed fund balance classification will be used to describe the portion of fund balance designated for a particular use by formal action of the school district’s highest level of decision-making authority (school board). Committed fund balance cannot be used for any other purpose unless the school board acts to remove or change the specified use by taking the same type of action it employed to previously commit those amounts (i.e. resolution). Formal action to constrain resources must occur prior to the year-end reporting period, but the amount can be determined in the subsequent period.

The Assigned Fund Balance classification covers that portion of fund balance that reflects a school district’s intended use of resources that are not restricted or committed, which intent has been established at either the highest level of decision making (school board), or by a body (e.g., budget or finance committee), or an official (e.g., finance director) delegated that authority.

In the general fund, assigned fund balances represent amounts which use is constrained for a specific purpose by the school board or a body or official that has been delegated authority to assign amounts.

For funds other than the general fund, assigned fund balances represent any remaining positive amounts not classified as nonspendable, restricted or committed.

The Unassigned Fund Balance classification in the General Fund represents funds not classified as nonspendable, restricted, committed or assigned. Unassigned fund balances in Fund 01 represent resources available to meet any current and future years' expenditures. The General Fund is the only fund that would report a positive amount in unassigned fund balance. In governmental funds other than the General Fund, if expenditures exceed the amounts restricted, committed or assigned, the deficit is recorded as a negative unassigned fund balance.

Important Note: for UFARS reporting, unassigned fund balances in Funds 04 and 06 represent deficits outside of those associated with any activity that closes to restricted/reserved accounts that may have a negative balance. Any deficits in restricted/reserved accounts that may record a negative fund balance must be reported in these accounts to permit statutory revenue calculations based on these accounts' fund balances reported on UFARS. In the presentation of financial statements, however, the sum of any deficits reported in restricted/reserved accounts on UFARS will be interpreted by auditors, MDE and UFARS as unassigned deficit fund balance.

Code Title and Definition

403 Restricted/Reserved for Staff Development (Fund 01)

Represents unspent staff development revenues set aside from General Education Revenue that were Restricted/Reserved for Staff Development related to Finance Code 316. Expenditures for staff development must equal at least two percent of the basic General Education Revenue, unless legal stipulations are met (Minn. Stat. § 122A.61, Subd. 1). *This restricted/reserve account is not allowed to go into deficit*.

405 Restricted/Reserved for Deferred Maintenance (Fund 01)

Districts that qualified for deferred maintenance revenue (aid and levy) but have not spent the proceeds must restrict the balance in this code. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy program under Minnesota Statutes, section 123B.59, Subdivision 1a, is eligible to receive deferred maintenance revenue per Minnesota Statutes, section 123B.591. See Finance Code 385 Deferred Maintenance for a description of the uses of this revenue. *This restricted/reserved account in Fund 01 may have a deficit balance in anticipation of aid/levy receipts.*

406 Restricted/Reserved for Health and Safety (Fund 01)

Represents available resources to be used for health and safety projects in accordance with an approved health and safety plan. Related to Finance Codes 347, 349, 352, 358, 363 and 366 (Minn. Stat. § 123B.57). *This restricted/reserved account may go into deficit to the extent of future revenue authority.*

407 Restricted/Reserved for Capital Projects Levy (Funds 01 and 06)

Represents available resources from the capital projects levy to be used for building construction and other projects under Minnesota Statutes, section 126C.10, Subdivision 14. All interest income attributable to the capital projects levy must be credited to this account. Related to Finance Code 795, Capital Projects Levy (Minn. Stat. § 123B.63). *This restricted/reserved account may go into deficit to the extent of future levy authority.*

408 Restricted/Reserved for Cooperative Programs (Fund 01)

Represents the resources available to purchase services from entities for cooperative purposes or to provide educational services in a cooperative manner. Related to Finance Code 310, Cooperative Revenue (Minn. Stat. §123A.27). *This restricted/reserved account is not allowed to go into deficit*.

409 Restricted/Reserved for Alternative Facilities Program (Funds 01 and 06)

This restricted account represents the balance for two different programs; Alternative Facilities (1a) and Health and Safety related Alternative Facilities (1b). A district can only have revenue in one of the two programs. Alternative Facilities (1a) program reserve amount represents the resources available for approved expenditures based on the ten-year plan for capital projects for districts qualifying under Minnesota Statutes, section 123B.59, Subdivision 1a. See Finance Code 386 for a description of the expenditure possibilities. Health and Safety Alternative Facilities (1b) represents the restricted amounts remaining from projects over $500,000 that are based on criteria of the Health and Safety program (Minn. Stat. § 123B.59, Subd. 1b). See Health and Safety Finance Codes for a description of expenditure possibilities. *This restricted/reserved account may go into deficit to the extent of future levy and/or bonding authority.*

413 Restricted/Reserved for Building Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority (Funds 01 and 06)

This account represents the June 30 balance in the building construction fund (Fund 06) for projects funded by certificates of participation/lease purchase agreement with related lease levy authority under Minnesota Statutes, section 126C.40. It is related to Finance Code 791, Projects Funded by Certifications of Participation/Lease Purchase Agreement with Related Lease Levy Authority. *This restricted/reserved account is not allowed to go into deficit.*

414 Restricted/Reserved for Operating Debt (Fund 01)

Represents the amount of remaining operating debt for districts under legislative authority given to them. The Operating Debt Levy is posted directly to this account and is not reflected in the district's revenue accounts. *This restricted/reserved account may go into deficit to the extent of future levy authority.*

416 Restricted/Reserved for Levy Reduction (Fund 01)

Represents resources in the General Fund that are transferred from the Debt Service Fund. This restricted fund balance becomes an available resource in the fiscal year in which the related tax levy adjustment is recognized as revenue (Minn. Stat. § 475.61, Subd. 4). *This restricted/reserved account is not allowed to go into deficit*.

417 Restricted/Reserved for Excess Taconite Building Maintenance Funds (Fund 01)

Represents resources remaining from the distribution of taconite revenue for the purpose of building maintenance and repair. See Finance Code 390 Taconite Revenue used for Building Maintenance and Repair for a description of expenditures [Minn. Stat. § 298.28, Subd. 4(b) (ii)]. *This restricted/reserved account is not allowed to go into deficit*.

418 Committed for Separation/Retirement Benefits (Fund 01)

Represents resources segregated from the Unassigned Fund Balance for retirement benefits, including compensated absences, pensions, other post-employment benefits and termination benefits (as defined in GASB Statement Nos. 16, 27, 45, 47, and 50) (Minn. Stat. § 123B.79, Subd. 7). *This committed account is not allowed to go into deficit.*

422 Unassigned Fund Balance (Fund 01; Funds 08, 20, 25, 45)

Used in Fund 01 to record Unassigned Fund Balance available to meet current and future years' expenditures. These are resources in Fund 01 that are not restricted and have not been committed or assigned. The fund balance may be positive or negative.

Statutory Operating Debt (SOD) is calculated by using the yearly activity and ending balances of the following six accounts in the General Fund (01) only: 418 Committed for Separation/Retirement Benefits; 460 Nonspendable Fund Balance; 461 Committed Fund Balance; 462 Assigned Fund Balance; 464 Restricted Fund Balance; and 422 Unassigned Fund

Balance. See the UFARS Compliance Report for the SOD percentage that is calculated from these accounts.

Balance Sheet Account 422 is also used to record net assets in the following funds, where GASB 54 is not applicable:

Fiduciary Funds
08 Trust Fund
45 Postemployment Benefits Irrevocable Trust Fund

Note: Fiduciary Fund 09 may not have a fund balance and should not be closed to Balance Sheet Account 422.

Proprietary Funds
20 Internal Service Fund
25 Postemployment Benefits Revocable Trust Fund

424 Restricted/Reserved for Operating Capital (Fund 01)

Represents available resources in the General Fund to be used to purchase equipment and facilities. Related to Finance Code 302, Operating Capital (Minn. Stat. § 126C.10, Subd. 14). *This restricted/reserved account may go into deficit for a period of up to three years with prior approval of a plan submitted to the commissioner of Education (Minn. Stat. § 123B.78, Subd 5*).

425 Restricted/Reserved for Bond Refunding (Fund 07 and 47)

Represents resources set aside from the proceeds of refunded obligations that have not met the criteria of defeasance (crossover bonds). These resources will be used to pay off future bonded obligations. *This restricted/reserved account is not allowed to go into deficit*.

426 Restricted/Reserved for $25 Taconite (Funds 01 and 04)

Represents available resources for outcome-based learning programs or early childhood learning programs from taconite referendum revenue. Related to Finance Code 371, $25 Taconite [Minn. Stat. § 298.28, Subd. 4 (d)]. *This restricted/reserved account is not allowed to go into deficit*

427 Restricted/Reserved for Disabled Accessibility (Fund 01)

Represents resources restricted for disabled accessibility. Related to Finance Code 794, Disabled Accessibility (Minn. Stat. § 123B.58). *This restricted/reserved account may go into deficit to the extent of future levy authority.*

428 Restricted/Reserved for Learning and Development (Fund 01)

Learning and Development is funded by general education revenue. This reserve represents available general education revenues for learning and development, which is mainly for reducing the pupil-to-staff ratio. Related to Finance Code 330 (Minn. Stat. § 126C.12). This revenue is generated by extra weightings on the pupil units. *This restricted/reserved account is not allowed to go into deficit*.

430 Investment in General Fixed Assets (General Fixed Asset Account Group 98 Only)

Represents the district's equity in the general fixed asset accounts. Equals the sum of all assets minus their accumulated depreciation.

431 Restricted/Reserved for Community Education (Fund 04)

Represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, non-credit summer programs, adult basic education programs, youth development and youth service programming, early

childhood family education, and extended day programs. Includes aids, levies, fees, grants, and all other revenues received by the school district for community education programs. Activities associated with Finance Code 321 Community Education must be restricted in this code (Minn. Stat. § 124D.20).*This restricted/reserved account may go into deficit. However, if future revenues cannot eliminate the deficit, a transfer from the general fund should be made to eliminate the deficit*.

432 Restricted/Reserved for Early Childhood and Family Education (Fund 04)

Represents the resources available to provide for services for early childhood family education programming. Related to Finance Code 325, Early Childhood and Family Education (Minn. Stat. § 124D.135). Includes aids, levies, fees, grants and all other revenues received by the school district for early childhood education programs. *This restricted/reserved account is allowed to go into deficit*.

434 Restricted/Reserved for Area Learning Center (Fund 01)

Represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to at least 90 percent of the district's average general education revenue, minus .0485 times the formula allowance (without the basic skills, transportation sparsity or transportation transition portions) per pupil unit, times the number of pupil units attending area learning centers. The amount restricted may only be spent on program costs associated with the area learning center (Minn. Stat. § 123A.05, Subd. 2). Finance Code 303, Area Learning Center, is used to identify expenditures against this fund balance account. *This restricted/reserved account is not allowed to go into deficit.*

435 Restricted/Reserved for Contracted Alternative Programs (Fund 01)

Pursuant to Minnesota Statutes, section 124D.68, Subdivision 9 and Minnesota Statutes, section, 124D.69, Subdivision 2, school districts must restrict at least 95 percent of the average general education revenue, less basic skills revenue, per pupil unit times the number of pupil units for pupils attending this program.

Finance Code 304, Contracted Alternative Program, is used to identify expenditures against this fund balance account. *This restricted/reserved account is not allowed to go into deficit.*

436 Restricted/Reserved for State-Approved Alternative Programs (Fund 01)

Pursuant to Minnesota Statutes, section 126C.05, Subdivision 15, school districts must restrict revenue equal to at least 90 percent of district's average general education revenue per pupil unit, less compensatory revenue per pupil unit, times the number of pupil units generated by students attending a state-approved public alternative program. Finance Code 305, State-Approved Public Alternative Programs is used to identify expenditures against this fund balance account. *This restricted/reserved account is not allowed to go into deficit.*

438 Restricted/Reserved for Gifted and Talented (Fund 01)

The part of general education aid revenue for the gifted and talented program that is unspent at year end must be restricted in this balance sheet account. See Finance Code 388 for the proper accounting of revenue and expenditures for this program (refer to Minn. Stat. § 126C.10, Subd. 2b). *This restricted/reserved account is not allowed to go into deficit.*

441 Restricted/Reserved for Basic Skills Programs (Fund 01)

Represents resources available for the basic skills uses listed in Minnesota Statutes, section 126C.15, Subdivision 1. Related to Finance Code 317, Basic Skills (Minn. Stat. § 126C.10, Subd. 4). *This restricted/reserved account is not allowed to go into deficit.*

444 Restricted/Reserved for School Readiness (Fund 04)

Represents the resources available to provide for services for school readiness programs. This includes aids, fees, grants and all other revenues received by the school district. Related to Finance Code 344 – School Readiness (Minn. Stat. § 124D.16). If Finance Codes 337 – Pathway II and Finance Code 338 – Pathway I are used in conjunction with the School Readiness Program, these accounts would close to Fund Balance Account 444. *This restricted/reserved account is allowed to go into deficit*.

445 Restricted/Reserved for Career and Technical Programs (Fund 01)

Represents the balance a district must restrict from the career and technical revenue. See Finance Code 830 for description (Minn. Stat. § 124D.4531). The district must recognize the full amount of the levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be restricted and used only for career and technical programs. *This restricted/reserved account is not allowed to go into deficit.*

447 Restricted/Reserved for Adult Basic Education (Fund 04)

This account will represent the balance of carryover monies for all activity involving Adult Basic Education. This would include all state aid and any grants or local funding used in support of ABE. The activity in this code will come from Finance Codes 322, 324, 438/638, 801/901, 802/902, and 803/903 plus any local funding (Fin 000) received by the district (refer to Minn. Stat. § 124D.52). *This restricted/reserved account is not allowed to go into deficit.*

448 Restricted/Reserved for Achievement and Integration Revenue (Fund 01 and Fund 09)

The unspent resources available from the Achievement and Integration program must be restricted in this account for use within the fiscal year (no carryover is allowed). All activity in this account must be related to Finance Code 313 and 318 (Minn, Stat. § 124D.862). *This restricted/reserved account is not allowed to go into deficit.*

449 Restricted/Reserved for Safe Schools – Crime Levy (Fund 01)

The unspent resources available from the safe schools levy must be restricted in this account for future use. All activity in this account must be related to Finance Code 342 (refer to Minn. Stat. § 126C. 44). *This restricted/reserved account is allowed to go into deficit.*

450 Restricted/Reserved for Transition for Pre-Kindergarten (Fund 01)

All remaining funds from the activities for Transition for Pre-Kindergarten must be restricted in this account. All activity in this account is related to Finance Code 345 (Minn. Stat. § 126C.10, Subd 31b). *This restricted/reserved account is not allowed to go into deficit.*

451 Restricted/Reserved for QZAB and QSCB Payments (Fund 01 and 07)

Represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the district and will pay off the debt at maturity. Districts segregate operating capital funds for lease purchase instruments (Fund 01). Districts segregate levy proceeds for bond instruments (Fund 07). *This restricted/reserved account is not allowed to go into deficit.*

452 Restricted/Reserved for Funded OPEB Liabilities not Held in a Trust (Funds 01, 02, 04)

Represents available resources from Other Postemployment Benefits (OPEB) bond proceeds used to fund OPEB liabilities that are not held in a trust. Activity for this reserve will be related to Finance Code 793 (Minn. Stat. § 475.52, Subd 6). *This restricted/reserved account is not allowed to go into deficit.*

453 Restricted/Reserved for Unfunded Severance and Retirement Levy (Fund 01)

Represents available resources from the unfunded severance and retirement levy. Related to Finance Code 792, Unfunded Severance and Retirement Levy (Minn. § Stat. 126C.41, Subd. 6). *This restricted/reserved account is not allowed to go into deficit.*

460 Nonspendable Fund Balance (Funds 01, 02, 04 06, 07, and 47)

Represents amounts that cannot be spent due to form such as inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned. This also includes amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund). *The nonspendable account is not allowed to go into deficit.*

461 Committed Fund Balance (Fund 01)

Represents amounts constrained for a specific purpose by the district using the highest level of decision making authority (generally the school board). It requires action by the same group to remove or change the constraints place on the resources. *The committed account is not allowed to go into deficit.*

462 Assigned Fund Balance (Fund 01)

Represents amounts constrained by the school district's intent to be used for a specific purpose, but are not restricted or committed. Intent is expressed by the school board itself, or a body (budget or finance committee) or an official (finance director) to which the school board has delegated the authority to assign amounts to be used for specific purposes. The actions to remove or modify assignments are not as strict as for committed fund balances. *The assigned account is not allowed to go into deficit.*

463 Unassigned Fund Balance (Funds 02, 04, 06, 07, and 47)

Represents negative unassigned fund balances in funds other than Fund 01. The fund balance must be negative. When used in Funds 04, 06 and 07 this account records the deficits outside of those associated with any activity that closes to restricted/reserved accounts that are allowed to have a deficit. Deficits in restricted/reserved accounts that may record deficits must report deficits, if any, to permit statutory revenue formula calculations based on these accounts' fund balances reported on UFARS.

464 Restricted Fund Balance (Funds 01, 02, 04, 06, 07, and 47)

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Constraints are placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation. If Finance Codes 337 – Pathway II and Finance Code 338 – Pathway I are not used in conjunction with the School Readiness Program, these accounts would close to Fund Balance Account 464. *The restricted account is not allowed to go into deficit.*

BALANCE SHEET CODE CHANGES – FY 2014

ADDITIONS

ACCOUNT	DESCRIPTION
219	Charter School Building Lease Payable (Fund 01) (May 2014)
448	Restricted/Reserved for Achievement and Integration (October 2013)

DELETIONS

ACCOUNT	DESCRIPTION
257	Construction Loans (Bonds) Payable (Independent School Districts #12, 14, 279 (October 2013)
423	Restricted/Reserved for Certain Teacher Programs (Fund 01) (October 2013)

CHANGES

ACCOUNT	DESCRIPTION
230	Unearned Revenue (Appropriate Fund) (June 2014)
231	Deferred Inflows of Resources – Unavailable Revenue – Delinquent Taxes (June 2014)
235	Deferred Inflows of Resources – Property Taxes Levied for Subsequent Year's Expenditures (June 2014)
255	Capital Loans Payable (May 2014)
256	Debt Service Loans Payable (May 2014)
403	Restricted/Reserved for Staff Development (Fund 01) (October 2013)
409	Restricted/Reserved for Alternative Facilities Program (Fund 06 and Fund 01) (October 2013)
413	Restricted/Reserved for Building Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority (Fund 06 and Fund 01) (October 2013)
425	Restricted/Reserved for Bond Refunding (Fund 07 and 47) (October 2013)
431	Restricted/Reserved for Community Education (Fund 04) (May 2014)
432	Restricted/Reserved for Early Childhood and Family Education (Fund 04) (May 2014)
444	Restricted/Reserved for School Readiness (Fund 04) (May 2014)
448	Restricted/Reserved for Achievement and Integration Revenue (Fund 01 and Fund 09) (May 2014) (June 2014)
449	Restricted/Reserved for Safe Schools – Crime Levy (Fund 01) (October 2013) (June 2014)
464	Restricted Fund Balance (Funds 01, 02, 04, 06, 07, and 47) (May 2014)

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