



Districts with Statutory Operating Debt Fiscal Year 2024

Report to the Legislature

As required by Minnesota Statutes 2024, section 123B.83, subdivision 3

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As requested by Minnesota Statutes 2024, section 3.197: This report cost approximately \$1,275.43 to prepare, including staff time, printing and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, braille or audio recording. Printed on recycled paper.

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Legislative Charge

Under Minnesota Statutes 2024, section 123B.81, subdivision 2, a school district or charter school is in statutory operating debt (SOD) when it reports a year-end net negative unreserved general fund balance more than negative 2.5% of its unreserved/undesignated operating expenditures.

Introduction

This report is notification to the Legislature of school districts and charter schools¹ in statutory operating debt (SOD), as required by Minnesota Statutes 2024, section 123B.83, subdivision 3:

“If a district does not limit its expenditures in accordance with this section, the commissioner may so notify the appropriate committees of the legislature by no later than February 15 of the year following the end of that fiscal year.”

The information in this report has been compiled from FY 2024 Uniform Financial Accounting and Reporting Standards (UFARS) financial data. All Minnesota school districts and charter schools² must report their audited financial data for the previous fiscal year to the Minnesota Department of Education (MDE) by November 30 and submit an audited financial statement to MDE by December 31 (Minnesota Statutes 2024, section 123B.77, subdivision 3).

By January 31 of the following fiscal year, a district/charter school in SOD and its board of education are required to create and implement a special operating plan that is formally approved through a board resolution and submitted to the commissioner of MDE for approval. SOD plan requirements consist of narratives on the district or charter school’s current SOD position; budget development and financial management processes; ongoing financial monitoring processes and procedures; special operating plan budget projections; and school board resolution. MDE staff work with school districts and charter schools in preparation of the special operating plan and monitor district/charter school progress.

Note: Effective for FY 2011 and later years, UFARS fund balance account codes were modified to accommodate the implementation of Government Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. Under these new accounting standards, general fund ending balances formerly reported in 422 Unreserved/Undesignated are now classified into one of five categories:

1) Nonspendable; 2) Restricted; 3) Committed; 4) Assigned; or, 5) Unassigned. The SOD calculation includes the following fund balance accounts: 418 Committed for Separation/Retirement Benefits; 460 Nonspendable Fund

¹ Under Minnesota Statutes 2021, section 124E.16, subdivision 1, charter schools must comply with Minnesota Statutes, section 123B.83.

² Under Minnesota Statutes 2021, section 124E.16, subdivision 1, charter schools must comply with Minnesota Statutes, section 123B.77.

Balance; 461 Committed Fund Balance; 462 Assigned Fund Balance; 464 Restricted Fund Balance; 475 Restricted for Title VII- Impact Aid Funds; 476 Restricted for Payments in Lieu of Taxes (PILT) and 422 Unassigned Fund Balance.

Analysis

There were thirteen active Local Education Agencies (LEAs) in SOD at the close of FY 2023: eight school districts and five charter schools. Fiscal Year 2024 had a total of six schools district and eleven charter schools in SOD status (Table 1). Subsequently, three of the charter schools have closed: LoveWorks Academy for Arts #4139, Green Isle Community School #4144 and Upper Mississippi Academy #4210.

Three independent school districts and one charter school in SOD for FY 2023 were no longer in SOD at the close of FY 2024: Waconia #110, St. Charles #858, Greenbush Middle River #2683 and Star of the North Academy #4224. Five independent school districts and four charter schools that were in SOD in FY 2023 remained in SOD at the close of FY 2024: Alden-Conger #242, Upsala #487, Perham-Dent #549, Fisher #600, Kenyon-Wanamingo #2172, Green Isle Community School #4144, Horizon Science Academy Twin Cities #4267, Aim Academy of Science and Technology #4285, and Marine Village School #4297.

Among the entities in SOD at the close of FY 2024, five school districts and eight charter schools had been in SOD in prior periods: Alden-Conger #242, Upsala #487, Perham-Dent #549, Fisher #600, Kenyon-Wanamingo #2172, LoveWorks Academy for Arts #4139, Green Isle Community School #4144, Upper Mississippi Academy #4210, Athlos Academy of Saint Cloud #4250, Horizon Science Academy Twin Cities #4267, Innovation Science and Technology Academy #4282, Aim Academy of Science and Technology #4285, and Marine Village School #4297.

Table 1: School Districts and Charter Schools in SOD at the Close of FY 2024

Number	Type	Name	Unreserved General Fund Balance	General Fund Expenditures	FY 2024 SOD Calculation	Final UFARS Received	Final Audit Received	FY 2024 SOD Plan Received ³	Fiscal Years in SOD
242	1	Alden-Conger	-\$466,790	\$5,540,229	-8.43%	Yes	Yes	No	2010, 2011, 2012, 2013, 2023
487	1	Upsala	-\$1,218,297	\$4,715,572	-25.84%	Yes	Yes	No	2006, 2007, 2008, 2023
549	1	Perham-Dent	-\$1,357,516	\$18,784,706	-7.23%	Yes	Yes	Yes	2023
600	1	Fisher	-\$165,292	\$2,911,761	-5.68%	Yes	Yes	No	2023
2172	1	Kenyon-Wanamingo School District	-\$1,629,474	\$9,363,767	-17.4%	Yes	Yes	No	2004, 2005, 2022, 2023

³ SOD plan due date of January 31 is after the due date of this report.

Number	Type	Name	Unreserved General Fund Balance	General Fund Expenditures	FY 2024 SOD Calculation	Final UFARS Received	Final Audit Received	FY 2024 SOD Plan Received ³	Fiscal Years in SOD
2397	1	Le Sueur-Henderson	-\$811,610	\$12,644,211	-6.42%	Yes	No	No	N/A
4139	7	LoveWorks Academy for Arts (Closed)	-\$429,687	\$2,815,111	-15.26%	Yes	Yes	No	2012, 2013
4144	7	Green Isle Community School (Closed)	-\$704,112	\$1,108,921	-63.5%	No	No	No	2022, 2023
4200	7	STEP Academy	-\$368,871	\$12,730,047	-2.9%	Yes	Yes	No	N/A
4210	7	Upper Mississippi Academy (Closed)	-\$194,946	\$2,741,084	-7.11%	Yes	Yes	No	2014
4250	7	Athlos Academy of Saint Cloud	-\$192,206	\$7,543,379	-2.55%	Yes	Yes	No	2016
4254	7	Marine Area Community School	-\$141,233	\$2,551,606	-5.54%	Yes	Yes	No	N/A
4255	7	Skyline Math and Science Academy	-\$368,414	\$4,333,868	-8.5%	Yes	Yes	No	N/A

Number	Type	Name	Unreserved General Fund Balance	General Fund Expenditures	FY 2024 SOD Calculation	Final UFARS Received	Final Audit Received	FY 2024 SOD Plan Received ₃	Fiscal Years in SOD
4267	7	Horizon Science Academy Twin Cities	-\$190,517	\$2,527,821	-7.54%	Yes	Yes	Yes	2023
4282	7	Innovation Science and Technology Academy	-\$127,900	\$1,034,884	-12.36%	Yes	Yes	Yes	2021
4285	7	Aim Academy of Science and Technology	-\$156,270	\$2,696,889	-5.79%	Yes	Yes	No	2023
4297	7	Marine Village School	-\$108,205	\$1,381,199	-7.83%	Yes	No	No	2023

Conclusion

Table 2 illustrates historical data. Since Fiscal Year 2005, Statutory Operating Debt has been calculated using the sum of the Unreserved/Undesignated fund balance accounts of the general fund only.

Table 2: School Districts (Types 1, 2, 3, 6, and 8) and Charter Schools (Type 7)

Fiscal Years 2005–24
Net Negative Unreserved General Fund Balance and Statutory Operating Debt

Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School Districts	343	343	340	340	340	340	340	340	339	338	336	336	336	335	335	335	334	333	333	333
Charter Schools	134	139	149	156	157	154	154	150	156	157	167	176	169	168	176	175	181	183	183	181
Total	477	482	489	496	497	494	494	490	495	495	503	512	505	503	511	510	515	516	516	514
Net Negative Unreserved General Fund Balance	31	36	44	35	23	20	10	12	17	12	15	16	9	12	21	12	6	12	23	23
Active Units in Statutory Operating Debt	24	22	24	17	11	9	8	10	12	11	3	5	4	6	10	4	5	6	13	14

Bibliography

Minnesota Department of Education Data Bridge Database for School Year 2023-24.