



Districts with Statutory Operating Debt Fiscal Year 2025

Report to the Legislature

As required by Minnesota Statutes 2025, section 123B.83, subdivision 3

For more information:

Molly Koppes
Division of School Finance
Minnesota Department of Education
400 NE Stinson Blvd.
Minneapolis, MN 55413
651-582-8249
Molly.Koppes@state.mn.us
education.mn.gov

As requested by Minnesota Statutes 2025, section 3.197: This report cost approximately \$1,734.30 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.

Table of Contents

For more information:.....	2
Legislative Charge.....	4
Introduction.....	4
Analysis.....	5
Table 1: School Districts and Charter Schools in SOD at the Close of FY 2025.....	6
Conclusion	8
Table 2: School Districts (Types 1, 2, 3, 6, and 8) and Charter Schools (Type 7).....	9
Bibliography.....	9

Legislative Charge

Under Minnesota Statutes 2025, section 123B.81, subdivision 2, a school district or charter school is in statutory operation 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 2025, 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 2025 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 2025, 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 Balance; 461 Committed Fund Balance; 462 Assigned Fund Balance; 464 Restricted Fund Balance; 475 Restricted

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.

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

Analysis

There were fourteen active LEAs in SOD at the close of FY 2024: six school districts and eight charter schools. Fiscal Year 2025 had a total of seven schools district and four charter schools in SOD status (Table 1). Subsequently, one of the charter schools has closed: Athlos Academy of Saint Cloud #4250.

Three independent school districts and four charter schools in SOD for FY 2024 were no longer in SOD at the close of FY 2025: Perham-Dent #549, Fisher #600, Le Sueur-Henderson #2397, STEP Academy #4200, Skyline Math and Science Academy #4255, Horizon Science Academy #4267 and Aim Academy of Science and Technology #4297.

Among the entities in SOD at the close of FY 2025, three school districts and three charter schools had been in SOD in prior periods: Alden-Conger #242, Upsala #487, Kenyon-Wanamingo #2172, Athlos Academy of Saint Cloud #4250, Innovation Science and Technology Academy #4282, and Marine Village School #4297.

Table 1: School Districts and Charter Schools in SOD at the Close of FY 2025

Number	Type	Name	Unreserved General Fund Balance	General Fund Expenditures	FY 2024 SOD Calculation	Final UFARS Received	Final Audit Received	FY 2025 SOD Plan Received ³	Fiscal Years in SOD
14	1	Fridley	\$-8,314,300	\$51,401,943	-16.18%	No	No	No	2025
242	1	Alden-Conger	\$-169,113	\$5,681,471	-2.98%	Yes	Yes	No	2010, 2011, 2012, 2013, 2023, 2024, 2025
281	1	Robbinsdale	\$-9,521,659	\$165,563,126	-5.75%	Yes	Yes	No	2025
447	1	Grygla	\$-242,776	\$2,937,994	-8.26%	Yes	Yes	No	2025

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 2025 SOD Plan Received ³	Fiscal Years in SOD
487	1	Upsala	\$-1,227,190	\$4,301,898	-28.53%	Yes	Yes	No	2006, 2007, 2008, 2023, 2024, 2025
2125	1	Triton	\$-417,015	\$11,937,322	-3.49%	Yes	Yes	Yes	2025
2172	1	Kenyon-Wanamingo School District	\$-1,512,441	\$9,185,348	-16.47%	Yes	Yes	No	2004, 2005, 2022, 2023, 2024, 2025
4074	7	AFSA	\$-194,905	\$6,711,980	-2.9%	Yes	Yes	No	2025
4250	7	Athlos Academy of Saint Cloud (Closed)	\$-492,097	\$6,169,962	-7.98%	Yes	Yes	No	2016, 2024, 2025
4282	7	Innovation Science and Technology Academy	\$-106,366	\$1,396,705	-7.62%	Yes	Yes	Yes	2021, 2024, 2025

Number	Type	Name	Unreserved General Fund Balance	General Fund Expenditures	FY 2024 SOD Calculation	Final UFARS Received	Final Audit Received	FY 2025 SOD Plan Received ³	Fiscal Years in SOD
4297	7	Marine Village School	\$-227,057	\$1,833,322	-12.39%	Yes	Yes	No	2023, 2024, 2025

Conclusion

Table 2 illustrates historical data. Since Fiscal Year 2006, 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 2006–25

Net Negative Unreserved General Fund Balance and Statutory Operating Debt

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
School Districts	343	340	340	340	340	340	340	339	338	336	336	336	335	335	335	334	333	333	333	333
Charter Schools	139	149	156	157	154	154	150	156	157	167	176	169	168	176	175	181	183	183	181	174
Total	482	489	496	497	494	494	490	495	495	503	512	505	503	511	510	515	516	516	514	507
Net Negative Unreserved General Fund Balance	36	44	35	23	20	10	12	17	12	15	16	9	12	21	12	6	12	23	23	14
Active Units in Statutory Operating Debt	22	24	17	11	9	8	10	12	11	3	5	4	6	10	4	5	6	13	14	10

Bibliography

Minnesota Department of Education Data Bridge Database for School Year 2024-25.