

MINNESOTA DEPARTMENT OF

*Children,
Families &
Learning*

COMMISSIONER:
Christine Jax, Ph.D.

**DISTRICTS WITH
2000
STATUTORY
OPERATING
DEBT**

As of June 30, 2000

FOR MORE INFORMATION CONTACT:

Dick Guevremont, Assistant Director
Division of Finance & Management Services
T: (651) 582-8788
FAX: (651) 582-8803
E-MAIL: dick.guevremont@state.mn.us

**REPORT
TO THE
LEGISLATURE**

1500 Highway 36 West
Roseville, Minnesota 55113

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January 23, 2001

**Financial Management and Accountability
Office of Agency Finance and Management Services**

**Report on Minnesota School Districts and Charter Schools With Excess
Net Negative Unappropriated Operating Fund Balances at the End of Fiscal Year 1999**

Minn. Stat. § 123B.83, subd.3 (1999) states:

If a school 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 January 1 of the year following the end of the fiscal year.

This report is to so notify the legislative committees.

Public schools have until November 30 to have their audited data for the previous fiscal year reported to the Department (Minn. Stat. § 123B.77, subd. 3 (1999)). The list of districts and charter schools in this report has been established through Uniform Financial Accounting and Reporting Standards (UFARS) reporting verified by audit reports.

In the terminology of the statute, districts and charter schools exceed their expenditure limitations when their Net Unappropriated Operating Fund Balance (NUOFB) at year end (June 30) is a negative amount which exceeds 2½% of their operating expenditures. Districts who exceed this operating debt limitation are termed to be in Statutory Operating Debt (SOD).

Minn. Stat. § 126C.01, subd. 11 provides a measure of NUOFB which limits the reserved operating balances. The law excludes the following reserves: statutory operating debt reduction, bus purchase, severance pay, taconite, reemployment insurance, maintenance levy reduction, operating capital, health and safety, disabled accessibility, and encumbrances.

Summary

At the end of Fiscal Year 1999 there were nineteen districts and twelve charter schools reported as having statutory operating debt. The total number of school districts and charter schools in SOD at the end of F.Y. 1999 was thirty-one. For Fiscal Year 2000, the number of school districts increased to twenty-four (including nine from the previous year) and decreased to nine charter schools (including seven from the previous year). The total number of school districts and charter schools in SOD at the end of F.Y. 2000 was thirty-three.

Of the nine charter schools in SOD, four closed this last fiscal year ending June 30, 2000. Therefore, there are fifteen school districts and two charter schools on the F.Y. 2000 SOD list that were not on the F.Y. 1999 SOD list. Ten school district and five charter schools on the SOD list in F.Y. 1999 are not in SOD for F.Y. 2000.

The number of school districts decreased by one (347 to 346) while the number of charter schools increased by sixteen (40 to 56).

Over a sixteen year period, fiscal years 1985 through 2000, the number of entities with a negative unappropriated operating fund balance was at a low of 33 in three of those years, Fiscal Years 1985, 1995 and 1998. The highest number of districts with a negative unappropriated operating fund balance was 87 in F.Y. 1993.

The lowest number of school districts and charter schools with Statutory Operating Debt (SOD) was 15 in F.Y. 1998. The largest number of districts in SOD was 59 in F.Y. 1994.

UFARS DATA PER AUDIT

It should be noted that the Department of Children, Families & Learning validates the reported financial data (UFARS) of school districts and charter schools with the audit reports completed for each entity by independent certified audit firms. Two school districts and five charter schools listed in Table 1 as having a negative net unappropriated operating fund balance exceeding the statutory limit had not provided the Department with an audit report. Thus, validation of UFARS data was not possible in a timely manner in the case of these reporting entities.

In addition to the above entities, one common school district and thirteen charter schools reporting UFARS data that indicate a Net Unappropriated Operating Fund Balance not in violation of Statutory Operating Debt statute have not submitted an audit report. One charter school in the aforementioned category has submitted an audit report, but has not reported any UFARS data.

Summary of Tables

Table 1: Districts and charter schools with a net negative unappropriated operating fund balance exceeding 2 ½% of yearly operating expenditures at the end of Fiscal Year 1999.

1. As of June 30, 2000 there are twenty-two independent school districts, one common school district, one enhanced paired district and nine charter school districts that have net negative unappropriated operating fund balances exceeding 2½% of total Fiscal Year 2000 operating expenditures.
2. Fifteen of the twenty-two school districts and two of the nine charter schools are new to the list for Fiscal Year 2000.

Table 2: School Districts and Charter Schools Out of Statutory Operating Debt 6/30/00 that Exceeded 2 ½ % of Yearly Operating Expenditures at the End of Fiscal Year 1999.

1. This table shows statutory operating debt information for a total number of ten school districts and five charter schools.
2. Of the 15 school districts and charter schools out of statutory operating debt, ten had a positive net unappropriated operating fund balance while three districts had a negative fund balance, one charter school balance was zero, and one school district was consolidated.

Table 3: School Districts and Charter Schools Not Reported.

This table lists four charter schools who have not reported data (Minnesota Statutes §123B.77, subd. 3).

Table 4: Minnesota School Districts and Charter Schools – Fiscal Years 1985 Through 2000: Negative Operating Debt and Statutory Operating Debt

1. This table covers 16 years of data:
 - Number of School Districts and Charter Schools
 - Number of School Districts and Charter Schools with Net Negative Unappropriated Operating Debt
 - Number of School Districts and Charter Schools in Statutory Operating Debt
2. The lowest number of entities (school districts and charter schools) over this period of time was 374 in 1997. The largest number was 437 (all school districts) in 1985.
3. The number of entities with Net Negative Unappropriated Operating Debt ranges from 33 (F.Y. 1985, 1995 & 1998) to 87 (F.Y. 1993).
4. The number of entities with Statutory Operating Debt ranges from a low of 15 in F.Y. 1998 to a high of 59 in F.Y. 1994.

Chart A: Negative Fund Balances and Statutory Operating Debt.

This chart graphic illustrates data corresponding with Table 4.

Table 1
Minnesota Department of Children, Families & Learning
Districts & Charter Schools with a Negative Net Unappropriated Operating Fund Balance
Exceeding 2 1/2% of Yearly Operating Expenditures: F.Y. 2000

District Number	District Name	Operating Expenditures	Maximum Deficit	Net Unappropriated Operating Fund Balance	Percent Deficit	Per Audit	First F.Y. in S.O.D.
13-1	COLUMBIA HEIGHTS	24,667,964	-616,699	-1,584,924	-6.43%		2000
15-1	ST. FRANCIS	38,965,488	-974,137	-2,571,699	-6.60%	X	1999
166-1	COOK COUNTY	5,672,169	-141,804	-169,390	-2.99%	X	2000
239-1	RUSHFORD-PETERSON	4,938,182	-123,455	-234,768	-4.75%	X	2000
314-1	BRAHAM	6,942,467	-173,562	-298,425	-4.30%	X	2000
316-1	COLERAINE	12,319,544	-307,989	-1,243,714	-10.10%	X	1996
323-1	FRANCONIA	254,404	-6,360	-53,512	-21.03%	X	1994
330-1	HERON LAKE-OKABENA	2,898,979	-72,474	-260,170	-8.97%	X	2000
347-1	WILLMAR	35,054,342	-876,359	-1,164,106	-3.32%	X	2000
391-1	CLEVELAND	2,869,893	-71,747	-93,098	-3.24%	X	2000
404-1	LAKE BENTON	1,767,076	-44,177	-95,704	-5.42%	X	2000
418-1	RUSSELL	1,197,329	-29,933	-149,436	-12.48%	X	2000
458-1	TRUMAN	3,342,899	-83,572	-247,141	-7.39%	X	2000
482-1	LITTLE FALLS	24,792,083	-619,802	-728,366	-2.94%		2000
485-1	ROYALTON	4,625,867	-115,647	-208,018	-4.50%	X	2000
545-1	HENNING	2,979,964	-74,499	-212,401	-7.13%	X	2000
604-1	MENTOR	1,105,323	-27,633	-370,338	-33.50%	X	1999
623-1	ROSEVILLE	57,320,374	-1,433,009	-2,563,211	-4.47%	X	1999
738-1	HOLDINGFORD	6,739,628	-168,491	-180,108	-2.67%	X	2000
806-1	ELGIN-MILLVILLE	3,733,013	-93,325	-230,337	-6.17%	X	1998
840-1	ST. JAMES	9,210,404	-230,260	-231,077	-2.51%	X	1999
2071-1	LAKE CRYSTAL-WELCOME ME	7,696,642	-192,416	-469,461	-6.10%	X	2000
2534-1	BIRD ISLAND-OLIVIA-LAKE	6,934,160	-173,354	-559,255	-8.07%	X	1999
3001-5	BDRSH: ENHANCED PAIR.DST	7,850,408	-196,260	-1,613,066	-20.55%	X	1999
4002-7	*TOIVOLA-MEADOWLANDS	564,268	-14,107	-49,699	-8.81%	X	1997
4003-7	NEW HEIGHTS	999,046	-24,976	-64,005	-6.41%	X	1998
4014-7	*RIGHT STEP ACADEMY	2,408,201	-60,205	-102,667	-4.26%		2000
4022-7	*CENTRAL MN DEAF SCHOOL			No F.Y. 2000 Data	LY -16.95		1999
4023-7	*SUCCESS ACADEMY	4,168,470	-104,212	-1,232,755	-29.57%	X	1999
4025-1	CYBER VILLAGE ACADEMY	799,235	-19,981	-32,768	-4.10%	X	1998
4031-7	MINNESOTA TECHNOLOGY CHA	1,027,567	-25,689	-149,221	-14.52%		1999
4035-7	EARLY LEARNING CHARTER S	1,018,962	-25,474	-32,803	-3.22%		1999
4061-7	STUDIO ACADEMY CHARTER	112,925	-2,823	-8,468	-7.50%		2000

* Charter schools that closed as of the fiscal year ending June 30, 2000.

Table 2

School Districts and Charter Schools Out of Statutory Operating Debt 6/30/00 That Exceeded 2 ½% of Yearly Operating Expenditures at the End of Fiscal Year 1999

District		District Data 6/30/99				District Data 6/30/00			
Number	District Name	Operating Expenditures	Maximum Deficit	Net Unapprop. Op. Fund Bal.	Percent Deficit	Operating Expenditures	Maximum Deficit	Net Unapprop. Op. Fund Bal.	Percent Balance
0004-01	McGregor	4,677,919	(116,948)	(138,040)	-2.95%	5,151,495	(128,787)	126,198	2.45%
0021-01	Audubon	2,271,698	(56,792)	(144,481)	-5.04%	Consolidated with Lake Park #2889			
0197-01	West St. Paul-Mendota Ht	37,723,310	(943,083)	(1,532,216)	-4.06%	36,606,106	(915,153)	730,636	2.00%
0256-01	Red Wing	23,477,843	(586,946)	(969,490)	-4.13%	23,232,102	(580,803)	761,105	3.28%
0277-01	Westonka	17,615,942	(440,399)	(650,582)	-3.69%	18,043,085	(451,077)	(213,480)	-1.18%
0294-01	Houston	3,098,930	(77,473)	(313,414)	-10.11%	3,001,130	(75,028)	(45,156)	-1.50%
0656-01	Fairbault	30,832,831	(770,821)	(1,601,705)	-5.19%	29,398,283	(734,957)	2,516,737	8.56%
0719-01	Prior Lake	26,851,515	(671,288)	(680,532)	-2.53%	29,942,108	(748,553)	(127,811)	-0.43%
2397-01	Lesueur-Henderson	8,576,968	(214,424)	(399,685)	-4.66%	8,884,128	(222,103)	257,784	2.90%
2536-01	Granada Huntley-East Chain	2,768,120	(69,203)	(130,535)	-4.72%	2,372,058	(59,301)	73,831	3.11%
4027-07	Higher Ground Academy	95,041	(2,376)	(3,133)	-3.30%	1,992,935	(49,823)	486,017	24.39%
4036-07	Face to Face Academy	485,740	(12,144)	(58,115)	-11.96%	542,492	(13,562)	49,590	9.14%
4038-07	Sojourner Truth Academy	203,287	(5,082)	(104,042)	-51.18%	1,449,065	(36,227)	263,739	18.20%
4040-07	Martin Hughes Charter	409,198	(10,230)	(219,873)	-53.73%	953,039	(23,826)	0	0.00%
4042-07	Twin Cities Academy	273,861	(6,847)	(93,369)	-34.09%	1,237,655	(30,941)	71,846	5.80%

Table 3

School Districts and Charter Schools Not Reported

District		District Data 6/30/99				District Data 6/30/00			
Number	District Name	Operating Expenditures	Maximum Deficit	Net Unapprop. Op. Fund Bal.	Percent Deficit	Operating Expenditures	Maximum Deficit	Net Unapprop. Op. Fund Bal.	Percent Deficit
4024-07	Summit School for the Arts	197,511	(4,938)	19,973	10.11%	No Data (1/23/01)			
4026-07	E.C.H.O. Charter School	343,284	(8,582)	50,516	14.72%				
4041-07	Opportunities for Learning	191,172	(4,779)	1,930	1.01%				
4051-07	Hanska Charter School	Opened Fall, 1999							

Table 4

**MINNESOTA SCHOOL DISTRICTS & CHARTER SCHOOLS - FISCAL YEARS 1985 THROUGH 2000
NEGATIVE NET UNAPPROPRIATED OPERATING DEBT AND STATUTORY OPERATING DEBT**

		F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.
		<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
A.	Number of School Districts and Charter Schools	437	436	435	433	433	436	430	425	413	401	395	378	374	378	387	402
B.	Number with Net Negative Unappropriated Operating Fund Balance	33	45	40	37	56	71	79	82	87	68	33	27	29	33	52	56
C.	Number of Districts in Statutory Operating Debt	24	27	19	24	41	52	47	48	54	59	29	17	19	15	31	33

Chart A
Negative Fund Balances and Statutory Operating Debt

