

990083

MINNESOTA DEPARTMENT OF
*Children
Families &
Learning*

**DISTRICTS WITH
1998
STATUTORY
OPERATING
DEBT**

as of June 30, 1998

**REPORT
TO THE
LEGISLATURE**

**as required by
123B.83, Subd.3**

*Children,
Families & Learning*

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**REPORT
TO THE
LEGISLATURE**

1500 Highway 36 West
Roseville, Minnesota 55113

Upon request, this report can be made available in alternative formats including Braille, audio tape, computer disk and large print.

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January 1999

as required by
M.S. 123B.83, Subd. 3

MINNESOTA DEPARTMENT OF CHILDREN, FAMILIES & LEARNING 1998 LEGISLATIVE REPORT: ESTIMATED COST OF PREPARATION

Minnesota Statutes 3.197 requires the following:

A report to the legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government.

The following provides estimated costs incurred in the preparation of this report.

This report required the collection of information which Minnesota Department of Children, Families and Learning does not collect as a part of its normal business functions. It was therefore necessary to gather and analyze information in order to prepare this report. Therefore, the cost of preparing this report includes estimates of MN Children information collection costs.

Special funding was not appropriated to cover the costs of preparing this report.

Minnesota Department of Children, Families & Learning Costs:

The following is an estimate of the cost incurred by the
Minnesota Department of Children, Families & Learning:

\$2,835.00

Other Agency Costs:

\$ 0.00

TOTAL ESTIMATED COST FOR PREPARING THIS REPORT

\$2,835.00



January 25, 1999

**Financial Management, Transportation and Accountability
Division of Management Assistance**

**Report on Minnesota School Districts & Charter Schools With Excess Net
Negative Unappropriated Operating Fund Balances at the End of F.Y. 1998**

Minn. Stat. (1998) 123B.83, Subd. 3, states:

Subd. 3. 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 that fiscal year.

This report is to so notify the legislative committees. In addition, the Department is providing a more extensive report on the financial condition of school districts. School districts have, pursuant to Minn. Stat. 123B.77, Subd. 3, until December 31 to have their audited data for the previous fiscal year into the Department. The list of districts and charter schools in this report has been established through the UFARS reporting verified by school districts' and charter schools' audit reports. There were two districts and one charter school not verified by audit reports.

In the terminology of the statute, districts and charter schools exceed their expenditure limitations when they have operating expenditures during the year such that their net unappropriated operating fund balance at the end of the fiscal year is a negative amount which exceeds 2 1/2% of their operating expenditures during the year. Districts with such excessive debt are termed in the statutes to have statutory operating debt (S.O.D.).

1996 Laws provided a new measure of net unappropriated operating fund balance (Minn. Stat. 126C.01, Subd. 11) which limits the reserved operating balances excluded to those for 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 1997 there were twelve districts and six charter schools reported as having statutory operating debt using the net unappropriated operating fund balance measure. Of those twelve districts, one district consolidated as of July 1, 1997 with districts which had high enough balances such that the newly consolidated district had positive fund balances for the beginning of Fiscal Year 1997. Of the eleven remaining districts and seven charter schools in statutory operating debt at the end of Fiscal Year 1997, only three districts and two charter schools remained in statutory

operating debt at the end of Fiscal Year 1998. Also, seven new districts and three new charter schools were added to the list for a total of ten districts and five charter schools:

Summary of Tables

Table 1: Districts and charter schools with net negative unappropriated operating fund balance exceeding 2 1/2% of yearly operating expenditures at the end of Fiscal Year 1998.

1. As of June 30, 1998 there are nine independent school districts, one common school district and five charter schools which have net negative unappropriated operating fund balances exceeding 2 1/2% of total Fiscal Year 1998 operating expenditures.
2. Seven of the ten independent school districts and three charter schools in statutory operating debt are new to the list for Fiscal Year 1998.

Table 2: Districts and charter schools with a net negative unappropriated operating fund balance exceeding 2 1/2% of yearly operating expenditures at the end of either Fiscal Years 1997 & 1998.

1. This table shows eighteen districts and nine charter schools in statutory operating debt in either Fiscal Year 1997 and 1998. This is a comparison of their net unappropriated operating fund balance from Fiscal Year 1997 to Fiscal Year 1998.
2. Of the eighteen districts and nine charter schools shown on this table, there are ten districts and five charter schools with a net negative unappropriated operating fund balance in Fiscal Year 1998.

Table 3: Districts with net negative unappropriated operating fund balance exceeding 2 % of yearly operating expenditures for Fiscal Year 1997.

1. As of June 30, 1997 there were eleven independent school districts, one common school district, and seven charter schools with statutory operating debt.
2. One of the twelve independent school districts in statutory operating debt at the end of Fiscal Year 1997 consolidated with other school districts on July 1, 1997 and will no longer be in statutory operating debt in Fiscal Year 1998.
3. The number of districts and charter schools in statutory operating debt at the end of Fiscal Year 1997 decreased by two districts and two charter schools at the end of Fiscal Year 1998.

Minnesota Department of Children, Families and Learning
Districts With Negative Net Unappropriated Operating Fund Balance Exceeding 2 1/2% of Yearly Operating Expenditures; F.Y. 1998

District Number	District Name	Operating Expenditures	Maximum Deficit	Net Unappropriated Operating Fund Balance	Percent Deficit	Per Audit	First Year in S.O.D.
0004-01	MCGREGOR	4,139,987.12	(103,499.68)	(331,008.46)	-8.00%	X	1996
0239-01	RUSHFORD-PETERSON	4,296,730.19	(107,418.25)	(226,822.00)	-5.28%	X	1998
0256-01	RED WING	23,290,397.47	(582,259.94)	(630,763.00)	-2.71%	X	1998
0277-01	WESTONKA	17,510,530.59	(437,763.26)	(610,272.64)	-3.49%	X	1998
0294-01	HOUSTON	3,177,704.26	(79,442.61)	(130,874.14)	-4.12%	X	1998
0316-01	GREENWAY	10,991,582.41	(274,789.56)	(589,844.16)	-5.37%		1996
0323-02	FRANCONIA	162,738.02	(4,068.45)	(18,562.91)	-11.41%		1994
0719-01	PRIOR LAKE	26,392,465.98	(659,811.65)	(787,407.00)	-2.98%	X	1998
0806-01	ELGIN-MILLVILLE	3,457,150.88	(86,428.77)	(115,071.02)	-3.33%	X	1998
2397-01	LESUEUR-HENDERSON	7,950,706.75	(198,767.67)	(392,790.17)	-4.94%	X	1998
4002-07	TOIVOLA-MEADOWLAND	693,173.52	(17,329.34)	(39,983.83)	-5.77%	X	1997
4003-07	NEW HEIGHTS CHAR	838,382.09	(20,959.55)	(152,980.96)	-18.25%		1996
4010-07	FREDERICK DOUGLASS	224,514.89	(5,612.87)	(52,901.18)	-23.56%	X	1998
4014-07	RIGHT STEP ACADEMY	1,485,092.66	(37,127.32)	(218,970.12)	-14.74%	X	1998
4029-07	NEW SPIRIT SCHOOL	93,581.49	(2,339.54)	(2,574.48)	-2.75%	X	1998

Districts With Net Negative Unappropriated Operating Fund Balance Exceeding 2 1/2% of Yearly Operating Expenditures; F.Y. 1997 & 1998

District UFARS data as of 6/30/97						District UFARS data as of 6/30/98				
District No.	District Name	Operating Expenditures	Maximum Deficit	Net Unappropriated Op. Fund Bal.	Percent Deficit	Operating Expenditures	Maximum Deficit	Net Unappropriated Op. Fund Bal.	Percent Deficit	S.O.D. Districts
0004-01	MCGREGOR	4,208,005.13	(105,200.13)	(480,200.00)	-11.41%	4,139,987.12	(103,499.68)	(331,008.46)	-8.00%	X
0013-01	COLUMBIA HEIGHTS	22,152,981.78	(553,824.54)	(995,997.34)	-4.50%	22,632,291.96	(565,807.30)	(524,241.00)	-2.32%	
0081-01	COMFREY	1,511,402.18	(37,785.05)	(46,663.20)	-3.09%	1,498,009.05	(37,450.23)	45,022.01	3.01%	
0239-01	RUSHFORD-PETERSON	4,455,337.72	(111,383.44)	(110,066.60)	-2.47%	4,296,730.19	(107,418.25)	(226,822.00)	-5.28%	X
0256-01	RED WING	23,646,141.93	(591,153.55)	1,832,190.47	7.75%	23,290,397.47	(582,259.94)	(630,763.00)	-2.71%	X
0277-01	WESTONKA	16,312,997.45	(407,824.94)	185,836.31	1.14%	17,510,530.59	(437,763.26)	(610,272.64)	-3.49%	X
0294-01	HOUSTON	2,949,665.95	(73,741.65)	112,251.22	3.81%	3,177,704.26	(79,442.61)	(130,874.14)	-4.12%	X
0316-01	GREENWAY	10,794,128.94	(269,853.22)	(705,178.00)	-6.53%	10,991,582.41	(274,789.56)	(589,844.16)	-5.37%	X
0323-02	FRANCONIA	169,756.06	(4,243.90)	(77,481.54)	-45.64%	162,738.02	(4,068.45)	(18,562.91)	-11.41%	X
0418-01	RUSSELL	1,235,763.14	(30,894.08)	(145,199.70)	-11.75%	1,054,862.61	(26,371.57)	85,742.00	8.13%	
0487-01	UPSALA	2,422,410.15	(60,560.25)	(61,592.70)	-2.54%	2,613,198.74	(65,329.97)	114,845.00	4.39%	
0624-01	WHITE BEAR LAKE	54,405,296.86	(1,360,132.42)	(2,533,113.90)	-4.66%	58,305,967.26	(1,457,649.18)	(1,075,654.00)	-1.84%	
0712-01	MOUNTAIN IRON-BU	4,914,542.94	(122,863.57)	(430,134.91)	-8.75%	5,038,030.30	(125,950.76)	400,505.15	7.95%	
0719-01	PRIOR LAKE	24,196,583.44	(604,914.59)	(80,589.84)	-0.33%	26,392,465.98	(659,811.65)	(787,407.00)	-2.98%	X
0806-01	ELGIN-MILLVILLE	3,380,308.04	(84,507.70)	163,827.41	4.85%	3,457,150.88	(86,428.77)	(115,071.02)	-3.33%	X
2397-01	LESUEUR-HENDERSON	8,326,256.82	(208,156.42)	(86,435.62)	-1.04%	7,950,706.75	(198,767.67)	(392,790.17)	-4.94%	X
2580-01	EAST CENTRAL	8,216,253.64	(205,406.34)	(486,053.94)	-5.92%	7,961,031.03	(199,025.78)	(193,982.39)	-2.44%	
2884-01	RED ROCK CENTRAL	4,302,874.79	(107,571.87)	(376,417.99)	-8.75%	4,088,331.50	(102,208.29)	150,649.41	3.68%	
4002-07	TOIVOLA-MEADOWLA	809,626.07	(20,240.65)	(157,682.43)	-19.48%	693,173.52	(17,329.34)	(39,983.83)	-5.77%	X
4003-07	NEW HEIGHTS CHAR	694,344.90	(17,358.62)	(55,042.94)	-7.93%	838,382.09	(20,959.55)	(152,980.96)	-18.25%	X
4004-07	CEDAR RIVERSIDE	729,536.46	(18,238.41)	(98,648.73)	-13.52%	735,357.99	(18,383.95)	10,920.03	1.48%	
4006-07	SKILLS FOR TOMORROW	420,593.44	(10,514.84)	(20,738.09)	-4.93%	417,469.01	(10,436.73)	55,079.76	13.19%	
4010-07	FREDERICK DOUGLAS	228,921.64	(5,723.04)	12,011.00	5.25%	224,514.89	(5,612.87)	(52,901.18)	-23.56%	X
4011-07	NEW VISION	1,413,357.76	(35,333.94)	(46,159.54)	-3.27%	2,047,699.16	(51,192.48)	(48,781.48)	-2.38%	
4014-07	RIGHT STEP ACADEMY	1,477,677.18	(36,941.93)	(270,798.00)	-18.33%	1,485,092.66	(37,127.32)	(218,970.12)	-14.74%	X
4018-07	ACORN DUAL LANGUAGE	771,078.65	(19,276.97)	(30,665.96)	-3.98%	1,073,151.58	(26,828.79)	49,844.84	4.64%	
4029-07	NEW SPIRIT SCHOOL	N/A	N/A	N/A	N/A	93,581.49	(2,339.54)	(2,574.48)	-2.75%	X

Districts With Net Negative Unappropriated Operating Fund Balance Exceeding 2 1/2% of Yearly Operating Expenditures; F.Y. 1997

District Number	District Name	Operating Expenditures	Maximum Deficit	(1) Net Unappropriated Operating Fund Balance	Percent Deficit	Per Audit	First Year in S.O.D.
0004-01	MCGREGOR	4,208,005.13	(105,200.13)	(480,200.00)	-11.41%	X	1996
0013-01	COLUMBIA HEIGHTS	22,152,981.78	(553,824.54)	(995,997.34)	-4.50%	X	1994
0081-01	COMFREY	1,511,402.18	(37,785.05)	(46,663.20)	-3.09%	X	1997
0316-01	GREENWAY	10,794,128.94	(269,853.22)	(705,178.00)	-6.53%	X	1996
0323-02	FRANCONIA	169,756.06	(4,243.90)	(77,481.54)	-45.64%	X	1994
0418-01	RUSSELL	1,235,763.14	(30,894.08)	(145,199.70)	-11.75%	X	1997
0487-01	UPSALA	2,422,410.15	(60,560.25)	(61,592.70)	-2.54%	X	1994
0624-01	WHITE BEAR LAKE	54,405,296.86	(1,360,132.42)	(2,533,113.90)	-4.66%	X	1994
0712-01	MOUNTAIN IRON-BU	4,914,542.94	(122,863.57)	(430,134.91)	-8.75%	X	1996
2580-01	EAST CENTRAL	8,216,253.64	(205,406.34)	(486,053.94)	-5.92%	X	1993
4002-07	TOIVOLA-MEADOWL	809,626.07	(20,240.65)	(157,682.43)	-19.48%	X	1997
4003-07	NEW HEIGHTS	694,344.90	(17,358.62)	(55,042.94)	-7.93%	X	1997
4004-07	CEDAR RIVERSIDE	729,536.46	(18,238.41)	(98,648.73)	-13.52%	X	1997
4006-07	SKILLS FOR TOMORR	420,593.44	(10,514.84)	(20,738.09)	-4.93%	X	1997
4011-07	NEW VISION	1,413,357.76	(35,333.94)	(46,159.54)	-3.27%	X	1997
4014-07	RIGHT STEP ACADEM	1,477,677.18	(36,941.93)	(270,798.00)	-18.33%	X	1997
4018-07	ACORN DUAL LANGU	771,078.65	(19,276.97)	(30,665.96)	-3.98%	X	1997

Districts Exceeding Debt Limitation Effective 6/30/97 But Combining Into New District Effective 7/1/97 Which Are Not In S.O.D.

Districts in Statutory Operating Debt as of 6/30/97 Per Audit						Data on districts which combined effective 7/1/97				
District Number	District Name	Operating Expenditures	Maximum Deficit	(1) Net Unapprop. Operating FB	Percent Deficit	FY-98 Districts #	Operating Expenditures	Maximum Deficit	(1) Net Unapprop. Operating FB	Percent Deficit
0218-01	DELAVAN	1,107,126.86	(27,678.17)	(132,780.00)	-11.99%	2860-01	9,730,738.37	(243,268.46)	273,413.89	2.81%
0178-01	STORDEN-JEFFERS	1,663,336.20	(41,583.41)	(512,512.46)	-30.81%	2884-01	4,302,874.79	(107,571.87)	(376,417.99)	-8.75%

2860-01 Blue Earth-Delvan-Elmore (#2148, #218, & #219)

2884-01 Red Rock Central (#178, #633, & #638)

- (1) (M.S. 124A.02, Subd. 25) changed the definition of fund balance used to "Net Unappropriated Operating Fund Balance; Beginning with the 1995-96 fiscal year. The new measure restricts the reserved operating balances excluded to those for statutory operating debt reduction, bus purchase, severance pay, taconite reemployment insurance, maintenance levy reduction, operating capital, disabled access, health & safety, and encumbrances.

