

Statutory Operating Debt - SOD

- ❑ Definition - Unassigned fund balance deficit (cash flow) is more than 2.5% of the most recent fiscal year's expenditure amount.
- ❑ The district meets the definition of SOD

GFW Schools Unassigned fund balance as of June 30, 2019 was at approximately 6% of the most recent expenditure amount.

MDE Timeline

- ❑ MDE will provide the district with a large excel financial spreadsheet in the middle of December.
- ❑ The district will need to complete a three year plan that includes narratives and completion of the financial spreadsheet that identifies how we will address the SOD.
- ❑ The board will need to approve the plan in January, which may require a special meeting as it will likely not be done for the regular board meeting.
- ❑ The district will need to submit a board approved three year plan to MDE by Jan. 31, 2020.

Options to address the issue:

- 1) Make reductions in operating costs, which could include closing a building. This alone would not be enough to address the issue.
- 2) Make reductions in staffing and/or programs. This alone would not be enough to address the issue.
- 3) Increase the operating levy through a voter-approved election. An operating levy can only be run in November of each year, so we would not see any new revenue until FY21. The current operating levy runs through FY22, which means the district would have two opportunities to pass a new operating levy, if needed.

District Timelines for Developing a Plan Addressing SOD

- ❑ December - Board will need to determine if they are committed to closing a building.
- ❑ December - Finance Committee Meeting to discuss possible staffing or programming reductions.
- ❑ January - Finance Committee review of potential three year plan
- ❑ January - Full board approval of three year plan to be submitted to MDE by January 31st.