

1.1 A bill for an act

1.2 relating to education finance; modifying school debt provisions; amending
1.3 Minnesota Statutes 2006, sections 123B.77, subdivision 3; 123B.81, subdivisions
1.4 3, 5; Minnesota Statutes 2007 Supplement, section 123B.81, subdivision 4.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 123B.77, subdivision 3, is amended to read:

1.7 Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the
1.8 calendar year of the submission of the unaudited financial data, the district must provide to
1.9 the commissioner audited financial data for the preceding fiscal year. The audit must be
1.10 conducted in compliance with generally accepted governmental auditing standards, the
1.11 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office
1.12 of the State Auditor. An audited financial statement prepared in a form which will allow
1.13 comparison with and correction of material differences in the unaudited financial data
1.14 shall be submitted to the commissioner and the state auditor by December 31. The audited
1.15 financial statement must also provide a statement of assurance pertaining to uniform
1.16 financial accounting and reporting standards compliance and a copy of the management
1.17 letter submitted to the district by the school district's auditor.

1.18 (b) By ~~January~~ February 15 of the calendar year following the submission of the
1.19 unaudited financial data, the commissioner shall convert the audited financial data
1.20 required by this subdivision into the consolidated financial statement format required
1.21 under subdivision 1a and publish the information on the department's Web site.

1.22 Sec. 2. Minnesota Statutes 2006, section 123B.81, subdivision 3, is amended to read:

S.F. No. 3871, 1st Engrossment - 2007-2008th Legislative Session (2007-2008)

2.1 Subd. 3. **Debt verification.** The commissioner shall establish a uniform auditing or
2.2 other verification procedure for districts to determine whether a statutory operating debt
2.3 exists in any Minnesota school district ~~as of June 30, 1977. This procedure must identify~~
2.4 ~~all interfund transfers made during fiscal year 1977 from a fund included in computing~~
2.5 ~~statutory operating debt to a fund not included in computing statutory operating debt.~~
2.6 The standards for this uniform auditing or verification procedure must be promulgated
2.7 by the state board pursuant to chapter 14. If a district applies to the commissioner for
2.8 a statutory operating debt verification ~~or if the unaudited financial statement for the~~
2.9 ~~school year ending June 30, 1977 reveals that a statutory operating debt might exist,~~ the
2.10 commissioner shall require a verification of the amount of the statutory operating debt
2.11 which actually does exist.

2.12 Sec. 3. Minnesota Statutes 2007 Supplement, section 123B.81, subdivision 4, is
2.13 amended to read:

2.14 Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted
2.15 pursuant to subdivision 3 determines that a statutory operating debt exists, a district
2.16 must follow the procedures set forth in ~~this~~ section 123B.83 to eliminate this statutory
2.17 operating debt.

2.18 Sec. 4. Minnesota Statutes 2006, section 123B.81, subdivision 5, is amended to read:

2.19 Subd. 5. **Certification of debt.** The commissioner shall certify the amount of
2.20 statutory operating debt for each district. ~~Prior to June 30, 1979, the commissioner may,~~
2.21 ~~on the basis of corrected figures, adjust the total amount of statutory operating debt~~
2.22 ~~certified for any district.~~