

A bill for an act

relating to education finance; modifying school debt provisions; amending Minnesota Statutes 2006, sections 123B.14, subdivision 7; 123B.77, subdivision 3; 123B.81, subdivisions 3, 5; Minnesota Statutes 2007 Supplement, section 123B.81, subdivision 4.

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

Section 1. Minnesota Statutes 2006, section 123B.14, subdivision 7, is amended to read:

Subd. 7. **Clerk records.** The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. The clerk shall, within three days after an election, notify all persons elected of their election. By ~~August~~ September 15 of each year the clerk shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the district, as provided in section 123B.77, subdivision 3. The board shall by resolution approve the report or require a further or amended report. By ~~August~~ September 15 of each year, the clerk shall make and transmit to the commissioner certified reports, showing:

~~(1) The condition and value of school property;~~

~~(2)~~ (1) The revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;

~~(3)~~ (2) The length of school term and the enrollment and attendance by grades; and

~~(4)~~ (3) Such other items of information as may be called for by the commissioner.

The clerk shall enter in the clerk's record book copies of all reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished by the clerk pro tem, and keep an itemized account of all the

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expenses of the district. The clerk shall furnish to the auditor of the proper county, by ~~October 10~~ September 30 of each year, an attested copy of the clerk's record, showing the amount of ~~money~~ proposed property taxes voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair. Such orders must state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 2. Minnesota Statutes 2006, section 123B.77, subdivision 3, is amended to read:

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

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

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

Subd. 3. **Debt verification.** The commissioner shall establish a uniform auditing or other verification procedure for districts to determine whether a statutory operating debt exists in any Minnesota school district ~~as of June 30, 1977. This procedure must identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt.~~ The standards for this uniform auditing or verification procedure must be promulgated by the state board pursuant to chapter 14. If a district applies to the commissioner for

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3.1 a statutory operating debt verification ~~or if the unaudited financial statement for the~~
3.2 ~~school year ending June 30, 1977 reveals that a statutory operating debt might exist, the~~
3.3 commissioner shall require a verification of the amount of the statutory operating debt
3.4 which actually does exist.

3.5 Sec. 4. Minnesota Statutes 2007 Supplement, section 123B.81, subdivision 4, is
3.6 amended to read:

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

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

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