123B.81 STATUTORY OPERATING DEBT.

Subdivision 1. **Operating debt.** The "operating debt" of a school district means the net negative unreserved general fund balance calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts.

Subd. 2. **Statutory operating debt.** If the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative undesignated fund balance is defined as "statutory operating debt" for the purposes of this section and section 123B.83.

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. The standards for this uniform auditing or verification procedure must be promulgated by the commissioner. If a district applies to the commissioner for a statutory operating debt verification, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

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

Subd. 5. **Certification of debt.** The commissioner shall certify the amount of statutory operating debt for each district.

Subd. 6. MS 2002 [Repealed, 1Sp2003 c 9 art 1 s 54]

Subd. 7. **Applicability.** This section is applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969, chapters 775 and 1060, as amended. This section does not apply to Independent School District No. 625.

Subd. 8. MS 2006 [Repealed, 2007 c 146 art 11 s 19]

History: *1976 c 271 s 32; 1977 c 447 art 7 s 9-12; 1980 c 609 art 7 s 7; 1982 c 424 s 130; 1986 c 444; 1987 c 398 art 7 s 42; 1991 c 130 s 37; 1992 c 499 art 12 s 29; 1Sp1995 c 3 art 16 s 13; 1996 c 412 art 13 s 6; 1998 c 397 art 6 s 29-35,124; art 11 s 3; 1Sp2005 c 5 art 1 s 6; 2007 c 146 art 11 s 4-6; 2009 c 96 art 5 s 4-6*