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State Auditor

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<https://www.osa.state.mn.us/>

AT A GLANCE

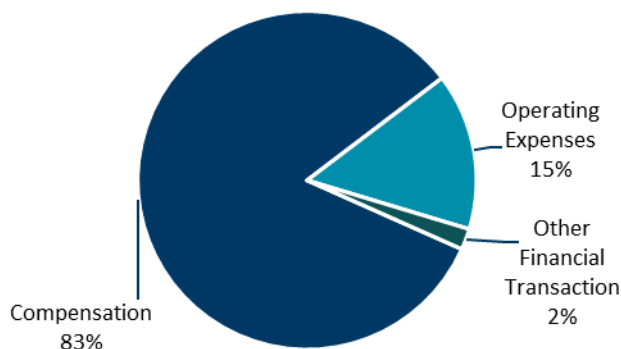
- Oversees the finances of approximately 3,300 local units of government.
- Issue local government financial and compliance audit reports annually as well as the State's single audit for Minnesota Management and Budget and various agreed-upon procedures reports.
- Investigates allegations of unlawful use of public funds and property.
- Conducts continual outreach and provides educational resources to state and local elected officials, local government finance professionals, and the public.
- Reviews investment and financial reporting and compliance of approximately 520 local public pension plans.
- Reviews expenditures and compliance of approximately 1,670 tax increment financing (TIF) districts.
- Maintains financial reporting database on local government entities.
- Supports service by the State Auditor on six state boards and Executive Council.
- Publishes educational resources and provides ongoing training opportunities on local government finance and legal compliance issues.

PURPOSE

The mission of the Office of the State Auditor (OSA) is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

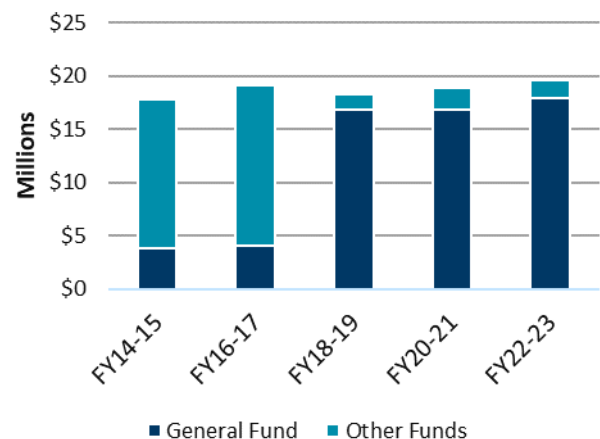
BUDGET

**Spending by Category
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



FY 14 – 17 the Audit Practice Division funds were moved to the State Auditor's Enterprise Fund

Source: Budget Planning & Analysis System (BPAS)

The OSA is organized into seven divisions: Audit Practice, Government Information (GID), Legal/Special Investigations (SI), Operations (OPM), Pension, Tax Increment Financing (TIF), and Constitution. There are approximately 80 employees in six offices. We are primarily funded by a general fund appropriation, with the TIF Division being funded by a statutory appropriation. Since FY 2018, audit fees collected by the Audit Practice Division for auditing services are deposited in the general fund as non-dedicated receipts.

STRATEGIES

The OSA oversees over \$40 billion in annual local government finances by auditing local government financial statements and reviewing documents, data, reports, and reported complaints. The financial information collected from local governments is analyzed and serves as the basis of the statutory reports we issue.

Primary statutory citations regarding the State Auditor's office are in Chapter 6 of Minnesota Statutes (<https://www.revisor.mn.gov/statutes/cite/6>).

Program: State Auditor**Activity: Audit Practice**<https://www.osa.state.mn.us/>**AT A GLANCE**

- Serves the State and its citizens by performing financial and compliance audits of local governments with the highest level of independence and transparency of how public funds are used.
- Supports accountability of local government finances with unbiased and objective oversight.
- Promotes quality standards in local government audits.
- Performs the State's single audit for Minnesota Management and Budget.
- Shares education and technical assistance with local governments, state officials, and other auditors.

PURPOSE AND CONTEXT

We have the legal authority to audit local government finances, including those of counties, cities, and other political subdivisions of the state. We also have the authority to audit local governments that have been audited by other auditors if we determine that it is in the public's best interest. This unique authority gives taxpayers and other stakeholders confidence in the integrity of local government finances. To meet our responsibilities and professional standards, we provide audit staff with the necessary training to achieve excellence and proficiency in their field.

Through an agreement with Minnesota Management and Budget, we audit the State of Minnesota's major federally assisted programs. Under this agreement, we issue audit and compliance reports on the State's federally assisted programs to meet federal single audit requirements.

We are committed to helping local government work at its best and to maintain public trust. To this end, we strive to expand our outreach. We have done this by establishing a working group consisting of representatives from the Office of the State Auditor (OSA) Audit Practice Division, counties, and CPA firms that audit counties to work together toward consistent treatment in applying accounting principles and other regulations. We also participate with national, federal, state, and local officials to address accounting, auditing, and accountability issues as they arise.

In addition to OSA-sponsored training to local government employees, we partner with statewide and regional groups to provide training.

We are funded by an appropriation from the general fund. Audit fees collected for auditing services are deposited in the general fund as non-dedicated receipts.

SERVICES PROVIDED

We work to maintain accountability in local government finances by providing the following services:

- Issue financial audit reports of local governments, other governmental entities, and related organizations that provide transparency and accountability to taxpayers, the State of Minnesota, federal agencies, and other stakeholders;
- Ensure professional, unbiased, objective assessments of whether public resources are being managed, reported, and administered in accordance with applicable financial standards and in compliance with relevant laws and grant requirements;

- Report on the fair presentation of local governments' financial statements, comment on irregularities and deficiencies in local governments' internal controls and compliance with relevant laws, and recommend changes for improvements in local government accounting practices and procedures;
- Report on the State of Minnesota federal program internal control and compliance and recommend changes for federal grant administration improvement;
- Perform agreed-upon procedures engagements and report on the results;
- Share knowledge and experience with audit clients to make the audit process as efficient and effective as possible;
- Provide annual continuing professional education training for Audit Practice Division staff to maintain proficiency and meet required industry standards, and provide training for local government accounting professionals on new accounting principles and compliance issues;
- Conduct periodic desk reviews of county audit reports and work paper reviews of county audits performed by private CPA firms to determine that the quality standards for reporting and performing audit procedures in conformance with auditing standards are met;
- Convene and lead the local working group to promote consistency in county accounting and auditing;
- Collaborate with representatives from all levels of government in addressing emerging issues;
- Coordinate technical accounting and auditing research and guidance with other Office of the State Auditor divisions, further promoting efficiency and effectiveness.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Peer Review Quality Standards Met (See note 1)	Yes	Yes	2018/2021
Quantity	Total Number of Audit Hours	59,168	55,280	2022/2023
Quantity	Number of State and Local Audit Clients Served	75	66	2022/2023
Quantity	Number of Audits Requiring Submission to the Federal Audit Clearinghouse	48	44	2022/2023
Quantity	Number of federal programs/clusters audited	117	98	2022/2023
Quantity	Number of State and Local Government Accounting Professionals to Attend OSA Annual Training (available to public)	130	139	2022/2023

Notes:

We participate in the National State Auditor's Association Peer Review Program. Maintenance of an appropriate internal quality control system is essential to performing effective audits that comply with professional standards. The results of the two previous Peer Reviews concluded that we met professional requirements. The Peer Review is performed every three years with the last ones being performed in 2018 and 2021.

The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).
Minn. Stat., ch. 6 (State Auditor).
Minn. Stat. § 6.46 (Powers to State Auditor).
Minn. Stat. § 6.47 (Prescribes Accounting and Budgeting Systems).
Minn. Stat. § 6.481 (Audits of Counties).
Minn. Stat. § 6.49 (Audits of Cities of the First Class).
Minn. Stat. § 6.495 (Audits of Relief Associations).
Minn. Stat. § 6.50 (Audits of Cities of the Second, Third, or Fourth Class).
Minn. Stat. § 6.51 (Audits of Other Political Subdivisions).
Minn. Stat. § 6.515 (Audits of Federal Money).
Minn. Stat. § 6.54 (Petition Audits).
Minn. Stat. § 6.55 (Request Audits).
Minn. Stat. § 123B.77 (Standards for School District Audits).
Minn. Stat. § 124E.16 (Audits of Charter Schools).
Minn. Stat. § 367.36 (Audits of Towns).
Minn. Stat. § 375.17 (Prescribes Form of County's Financial Statements).
Minn. Stat. §§ 412.02, 412.591 (Prescribes Audit Standards for Certain Cities).
Minn. Stat. § 465.719 (Audits for Corporations created by political subdivisions).
Minn. Stat. § 469.43 (Audit of nonprofit agency contracting with Destination Medical Center).
Minn. Stat. § 469.100 (Compliance Examinations of Economic Development Authorities).
Minn. Stat. § 471.697 (City and Town Audits/Financial Reports, Audits of 1st Class Cities).
Minn. Stat. § 471.698 (Prescribes Form of Certain City Financial Statements).
Minn. Stat. § 471.6985 (Prescribes Form of Municipal Liquor Store Financial Statements).
Minn. Stat. § 471.699 (Enforcement of Reporting Requirements).
Minn. Stat. § 473.13 (Audits of Met Council).
Minn. Stat. § 477A.017 (Prescribes Uniform Financial Accounting and Reporting Systems).
Minn. Stat. § 477A.0175 (Determine fees collected by unauthorized diversion program).

Program: State Auditor**Activity: Legal/Special Investigations**<https://www.osa.state.mn.us/>**AT A GLANCE**

- Provides legal expertise to all divisions within the office.
- Responds to numerous questions and inquiries from the public, local government officials and employees, policymakers, and auditors on issues related to legal compliance that are within the Office of the State Auditor's (OSA) purview.
- Investigates allegations of unlawful use of public funds and property, working with law enforcement when requested.
- Annually publishes the Minnesota Legal Compliance Audit Guides by entity type.
- Publishes and updates Statements of Position to provide guidance on legal compliance, finance, and internal controls for local government officials and employees, and other interested parties.
- Provides training to assist local government officials and employees in protecting public assets.
- General Counsel serves as State Auditor's designee on the following boards: State Board of Investment, Minnesota Housing Finance Agency, and Public Employee Retirement Association.

PURPOSE AND CONTEXT

We work to help Minnesota's approximately 3,300 local units of government, 600 local pension plans, and 400 development authorities that receive and use public funds, do so in compliance with state law. Our work is relied upon by local governments, members of the public, auditors, law enforcement, statewide local government associations, and attorneys. We receive and respond to statutorily required reports of theft, embezzlement, and unlawful uses of public funds or property involving local governments. When requested by law enforcement, we work with them on financial investigations. We use specialized financial investigative and legal expertise to respond to questions and concerns. We meet our statutory duty to publish a legal compliance audit guide for use in auditing local governments. In addition, we support all divisions within the office by providing legal expertise and by conducting legal reviews of all audits performed by the Audit Practice Division. We are funded by an appropriation from the general fund.

SERVICES PROVIDED

We work to improve legal compliance in the use of local government funds by providing the following services:

- Perform reviews and investigations of local government financial issues, as appropriate, based on concerns that we receive; provide corrective recommendations to local governments;
- Review statutorily required reports of possible misuse of public funds to ensure that appropriate investigations have been performed, appropriate referrals to law enforcement have been made, and internal control modifications have been implemented as warranted;
- Provide targeted training on legal compliance and on the prevention and detection of fraud to local government officials and employees, private and public sector auditors, and other interested parties;
- Update and publish annually seven Minnesota Legal Compliance Audit Guides, which set the current minimum legal compliance procedures and scope for local government audits; and
- Research, revise, and publish Statements of Position on a variety of topics related to local government legal compliance, finance, and internal controls and publish weekly Avoiding Pitfalls items on issues we identify during audits, inquiries, reviews, and investigations.

RESULTS

Our work improves legal compliance and transparency in the use of local government funds and serves as a deterrent against misuse of public funds.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Views of Avoiding Pitfalls on Website	26,947	55,657	2022/2023
Quantity	Views of Legal/SI Statements of Position on Website	15,724	18,365	2022/2023
Quantity	Views of Investigative Reports and Review Letters on Website	30,415	27,895	2022/2023

The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 6.52 (Subpoena Power).

Minn. Stat. § 6.53 (Penalty for Failure to Cooperate with OSA).

Minn. Stat. § 6.65 (Legal Compliance Audit Guides).

Minn. Stat. § 609.456 (Mandatory Reporting to OSA for Public Employees and Officials).

Minn. Stat. § 6.67 (Mandatory Reporting to OSA for Public Accountants).

Program: State Auditor**Activity: Government Information**<https://www.osa.state.mn.us/>**AT A GLANCE**

- Collects, reviews, compiles, and analyzes financial information on approximately 3,300 local units of government.
- Prescribes reporting requirements, the data to be collected, and the way the data is collected.
- Issues 10 to 12 reports annually on local government finances.
- Certifies to the Department of Revenue all cities eligible to receive Local Government Aid and Small Cities Assistance.
- Responds daily to financial questions from local government employees and officials.
- Conducts and issues Best Practices Reviews of local government operations.
- Provides support as well as ongoing training to local government employees and officials throughout the state for the internally developed Small Cities and Towns Accounting System (CTAS) software program.
- Leads annual technology updates and collaborates with users to continue to improve the CTAS program.
- Certifies to the Department of Revenue additional local government aid for cities and counties participating in the Performance Measurement Program.

PURPOSE AND CONTEXT

We provide comprehensive, comparable financial information from over 3,300 local governments to assist state and local policymakers with policy and spending decisions and to help the public make informed decisions about local governments. We collect and analyze local government financial data including asset forfeitures and forfeiture expenditures. The financial information received is available upon request, through our Office's website, and through regularly published reports provided to the legislature and to the public. We also conduct best practices reviews of local government operations as resources allow. We are funded by an appropriation from the general fund.

SERVICES PROVIDED

We work with local governments to collect and analyze their financial information on a timely basis. We provide transparency of local government finances by providing the following services:

- Respond to local government financial questions;
- Create and provide electronic reporting forms to collect statutorily required data and update forms and instructions as funding sources/uses and statutes change;
- Follow up with entities to improve accuracy and timeliness in statutorily required reporting;
- Provide on-demand online training and support to help local governments successfully complete electronic reporting forms;
- Review data submitted through electronic reporting for consistency and accuracy in reporting;
- Maintain, support, and upgrade the Small Cities and Towns Accounting System (CTAS) software, user manual, and online resources used by over 1,400 small cities and towns throughout Minnesota;
- Teach basic accounting and instruct local government employees and officials throughout the state on how to use CTAS;

- Prescribe the chart of accounts and reporting requirements for cities, towns, and special districts;
- Partner with local government associations to provide training and outreach to members;
- Maintain an extensive database of historical and current local government financial data;
- Provide a user-friendly comparison tool of local government financial information;
- Compile and publish 10 to 12 reports annually;
- Prepare and compile customized data for use by legislative researchers and the media; and
- Conduct special studies as requested by the legislature.

RESULTS

Type of Measure	Name of Measure (Annual)	Previous	Current	Dates
Quantity	Local Governments Meeting Reporting Requirements	94.7%	93.5%	2020/2021
Quantity	Views of Local Government Finance Reports on Website	167,816	153,081	2022/2023
Quantity	Views of Comparison Tools on Website	11,445	21,906	2021/2022
Quantity	CTAS Users Reporting with Exported Files	905	940	2021/2022

The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive Branch).

Minn. Stat., Ch. 6 (State Auditor).

Minn. Stat. §§ 6.47, 6.475 (CTAS).

Minn. Stat. §§ 6.74, 6.75 (Collection of Local Government Data, Report).

Minn. Stat. § 6.745 (Summary Budget Reports).

Minn. Stat. § 6.756 (Special Districts Reports).

Minn. Stat. § 6.76 (Lobbying Reports).

Minn. Stat. § 6.78 (Best Practices Reports).

Minn. Stat. § 6.91 (Performance Measures Reports).

Minn. Stat. § 367.36 (Towns Make Financial Report to Office of the State Auditor (OSA)).

Minn. Stat. § 471.697 (Cities, Towns, Municipal Hospitals and Nursing Homes, Liquor Stores and Public Utility Commissions Make Financial Reports to OSA).

Minn. Stat. §§ 471.698, 412.02, 412.591 (City Financial Reports).

Minn. Stat. § 471.6965 (Prescribes Summary Budget Statement for Cities).

Minn. Stat. § 471.6985 (Municipal Liquor Stores Report to OSA).

Minn. Stat. § 471.70 (Annual Reports to OSA of Municipalities' Outstanding Obligations).

Minn. Stat. § 609.5315 (Forfeiture and Forfeiture Expenditures Reports to OSA and OSA to Legislature).

Program: State Auditor**Activity: Pension**<https://www.osa.state.mn.us/>**AT A GLANCE**

- Monitors approximately 520 local public pension plans with assets of over \$596 million and membership of over 15,000. The majority of these plans provide pensions to volunteer and paid on-call firefighters.
- Responds to thousands of phone calls and emails yearly from firefighters, local government officials, pension plan trustees, and pension plan auditors and advisors.
- Issues an annual financial and investment performance report.
- Certifies individual public pension plans for state aid distributions totaling over \$25 million.
- Convenes the Fire Relief Association Working Group, a stakeholder group that identifies ongoing issues and forwards suggested legislative changes to the Legislative Commission on Pensions and Retirement.
- Called upon for guidance and input in various ad-hoc government workgroups on pension issues.
- Serves as sole authoritative source of local public pension plan information..

PURPOSE AND CONTEXT

There are approximately 520 fire relief associations and other types of local public pension plans in Minnesota. We oversee compliance by these plans with various state laws governing plan administration and investment activity. We also provide guidance and information to the plans to support their compliance efforts.

The pension plan data collected, analyzed and reported on by us is relied upon by pension plan boards, plan members, municipal representatives, auditors, investment professionals, policy makers, and the public. We are funded by an appropriation from the general fund. Pension state aid is reduced based on the cost of compliance reviews done by the Pension Division.

SERVICES PROVIDED

We promote the consistent interpretation and application of state laws and local pension plan bylaws by providing the following services:

- Monitor pension plan operations and the administration of pension benefits;
- Collect and review annual reporting forms;
- Issue Statements of Position, monthly newsletters, and legislative updates to inform and educate pension plan trustees;
- Create and publish Sample Bylaw Guides and an annual Selected Relevant Statutes booklet to assist pension plan trustee in meeting statutory requirements;
- Convene the annual Fire Relief Association Working Group, bringing together stakeholders to identify and discuss pressing pension issues and to suggest legislative changes; and
- Publish an annual report on pension plan finances, investments, and administration.
- Provides expert feedback to the legislative Pension Commission on potential fire relief association legislation.

We also have been increasingly called-upon to provide expertise and input on other, ad-hoc committees and workgroups convened at the request of the legislature to address specific public pension issues.

RESULTS

The degree of compliance of local public pension plans with state laws and local bylaws, as measured annually, is excellent, as evidenced by the percentage of pension plans certified for fire state aid shown below.

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Pension Plans Certified as Eligible to Receive Fire State Aid	100%	100%	2022/2023
Quantity	Views of Pension Newsletter on Website	46,907	50,060	2022/2023
Quantity	Views of Sample Bylaw Guides on Website	2,899	2,451	2022/2023
Quantity	Views of Pension Statements of Position on Website	9,572	10,002	2022/2023

The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 6.495 (Audits of Relief Associations, Report to Commissioner of Revenue).

Minn. Stat. § 6.496 (Provides Investment Performance Results to Relief Associations).

Minn. Stat. §§ 6.65, 424A.014 (Minimum Audit Procedures for Relief Associations).

Minn. Stat. § 6.72 (Provides Annual Report of Relief Associations to Legislature).

Minn. Stat. § 353G.17 (Filings by Relief Associations to Office of the state Auditor (OSA) for Transfer of Records, Assets, and Liabilities).

Minn. Stat. § 356.216 (Filings by Relief Associations to OSA of Actuarial Valuations).

Minn. Stat. § 356.219 (Public Pension Funds Investment Reporting).

Minn. Stat. § 356A.06 (Prepares Acknowledgment Forms for use by Pension Plans and Brokers).

Minn. Stat. § 424A.014 (Filings by Relief Associations to OSA of Audited Financial Statements).

Minn. Stat. § 424A.016 (Certifications by Relief Associations to OSA of Individual Account Allocations, Filings by Relief Associations to OSA of Bylaws and Amendments).

Minn. Stat. § 424A.02 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.05 (Authority to Approve Correction of Erroneous Deposits).

Minn. Stat. § 424A.091 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.092 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.093 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.095 (Investments)

Minn. Stat. § 471.6175 (OPEB Trust Reports to OSA).

Minn. Stat. § 477B.042 (Filings by Relief Associations to OSA of Aid Allocation Agreements).

Program: State Auditor**Activity: Operations**

<https://www.osa.state.mn.us/>

AT A GLANCE

- Provides accounting services, facilities management, technology support, and human resources services for approximately 80 employees in six offices, two worksites, and client sites.
- Prepares and maintains the biennial budget for the Office.
- Updates and maintains the Small Cities and Towns Accounting System (CTAS) that helps small local governments follow standard accounting practices and maintain accurate accounting records.
- Updates, collects, and processes local government electronic reporting forms submitted to the Office.
- Maintains the central database for the Office.
- Hosts and maintains a website to increase transparency in local government finances that serve approximately 10,000 unique visitors each month

PURPOSE AND CONTEXT

We support all activities within the office by providing accounting, facilities management, technology support, and human resource services for all divisions. We are funded by an appropriation from the general fund. The Tax Increment Financing (TIF) Division funding is accounted for in the Miscellaneous Special Revenue Fund, and costs related to supporting the TIF division are allocated directly to that appropriation.

SERVICES PROVIDED

We support all divisions within the office enabling each division to pursue identified strategies and to achieve desired results by providing the following services:

- Prepare and maintain the office's biennial budget;
- Process payroll for approximately 80 employees;
- Prepare purchase orders and pay invoices;
- Bill for and deposit payments for audit services;
- Maintain furniture and equipment inventory;
- Coordinate the lease renewals for and maintenance of six offices;
- Manage all the technology needs of the office;
- Maintain an integrated database for all divisions;
- Update and maintain the Small Cities and Towns Accounting System for local governments;
- Work with each division to collect, process, and improve electronic reporting forms;
- Provide research and strategic planning support on technology needs;
- Implement new software solutions and enhance the functionality of existing applications.
- Provide network and personal computer installation, support, and maintenance;
- Install, configure, and maintain servers, operating systems, and cloud infrastructure;
- Procure, track, and manage IT equipment, software, and licenses;
- Coordinate the recruitment and hiring of employees;
- Educate employees on benefit options; and
- Work to ensure the office follows state bargaining agreements.

RESULTS

We leverage technology to help the office perform its work more effectively and efficiently.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Actions performed in the State Auditor's Form Entry System (SAFES)	82,901	78,728	2022/2023
Quantity	Visitors to the Office of the State Auditor's (OSA) Website	160,511	209,434	2022/2023
Quality	Views of Website documents and pages	1,816,173	1,772,965	2022/2023

The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 6.475 ((Electronic) CTAS).

Minn. Stat. § 6.496 (Provides Electronic Performance Results to Relief Associations).

Minn. Stat. § 6.72 (Relief Associations Report to OSA/OSA Reports to Legislature).

Minn. Stat. § 6.74 (Collection of Local Government Data).

Minn. Stat. § 367.36 (Towns Make Financial Reports to OSA).

Minn. Stat. § 469.175 (TIF Districts reports to OSA).

Minn. Stat. § 471.6175 (Electronic OPEB Trust Reports to OSA).

Minn. Stat. § 471.697 (Cities, Towns, Municipal Hospitals and Nursing Homes, Liquor Stores and Public Utility Commissions Financial Reports to OSA).

Minn. Stat. § 471.698 (Cities Make Financial Reports to OSA).

Minn. Stat. § 471.6985 (Municipal Liquor Stores Report to OSA).

Minn. Stat. § 471.70 (Annual Reports to OSA of Municipalities' Outstanding Obligations).

Minn. Stat. § 609.5315 (Forfeiture reports to OSA).

Program: State Auditor**Activity: Constitutional**<https://www.osa.state.mn.us/>**AT A GLANCE**

- Conducts continual outreach and provides educational resources to state and local elected officials, local government finance professionals, and the public.
- Works closely with the legislature and governor on appropriations and policy issues to ensure effective Office of the State Auditor (OSA) oversight of over \$60 billion in state and local funding to increase transparency of local government finances.
- Maintains contact with statewide media to help Minnesotans better understand the critical role and responsibilities of the OSA and to raise public awareness of local government.
- Provides direct administrative support to the State Auditor.
- Provides support to each OSA Division: Audit, TIF, Pension, Government Information and Special Investigations.
- Supports the State Auditor's service on six state boards and the Executive Council.
- Supports the office's work as liaison to Governor's office and other government entities.
- Supports General Counsel's work as proxy on the following boards: State Board of Investment and Minnesota Housing Finance Authority.
- Convene stakeholders in working groups to address issues in local government oversight.

PURPOSE AND CONTEXT

The State Auditor is an independent constitutional officer elected statewide to provide oversight of over 4,300 units of local government. She oversees over \$60 billion in annual local and state government finances. The Auditor helps to ensure integrity and accountability in local government financial activities.

The Constitution Division provides senior-level management and leadership, supports the State Auditor on six state boards and the State Executive Council, and ensures that stakeholders and the public are kept updated on our work. We are funded by a general fund appropriation.

SERVICES PROVIDED

We accomplish our goal of providing effective oversight of local government finances through the following services:

- Disseminate the extensive knowledge of local government finances and accounting expertise of OSA to policy makers, the media, stakeholders, and the public;
- Provide outreach to stakeholders to proactively address emerging finance and compliance issues;
- Communicate consistently with the public to provide a better understanding of local government and instill confidence in local government finances. The State Auditor maintains an active public schedule to support this effort;
- Propose, pursue, advocate, and testify for legislation that increases accountability, transparency, and the understanding of local government finances;
- Work with statewide media to communicate the work of the OSA and provide transparency of local government finances;

- Improve the understanding of the role and responsibilities of the OSA and the State Auditor for legislators, public finance officials, other stakeholders and the public.
-

The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Program: State Auditor**Activity: Tax Increment Financing**<https://www.osa.state.mn.us/>**AT A GLANCE**

- Provides compliance oversight of approximately 1,670 Tax Increment Financing (TIF) districts administered by approximately 385 development authorities.
- Collects and reviews approximately 1,670 annual TIF reports, 125 TIF plans, and 200 other filings annually.
- Publishes annual TIF Legislative Report.
- Provides training to local government officials, such as county auditors, city clerks or administrators, and economic development professionals.
- Provides resources to promote TIF compliance through the TIF County Guide, Statements of Position, webinars, instructional videos, and articles

PURPOSE AND CONTEXT

Tax increment financing was created to help businesses and communities redevelop blighted areas, expand tax base, create jobs, construct housing, and assist development that would not otherwise occur “but for the use of tax increment.” Tax increment funding comes from public dollars. We support local government compliance with the Tax Increment Financing (TIF) Act, which provides the parameters and controls around proper handling, use and reporting of tax increment funds. We are the sole source of comprehensive comparable data on TIF activity in Minnesota. Some of this data is used in the annual TIF Legislative Report to inform lawmakers and the public on the uses of TIF. Our oversight work serves as a deterrent to misuse of TIF. We are funded by a special revenue fund statutory appropriation.

SERVICES PROVIDED

We work to support local government compliance with the TIF Act by providing the following services:

- Collect and review financial information annually to identify non-compliance and to help communities come into legal compliance;
- Educate a broad audience, including local officials, lawmakers, financial consultants, state agencies, the public, and the media, on the TIF Act by publishing Statements of Position, and articles in the State Auditor’s Weekly Update; providing online training videos; conducting trainings and webinars; speaking at conferences; providing administrative resources; and responding to requests for information;
- Publish a Tax Increment Financing County Guide to assist county officials in meeting their responsibilities under the TIF Act;
- Consult with local government associations, legislative staff, and others regarding amendments to the TIF Act to ensure ongoing effective oversight; and
- Provide expert feedback to legislative tax committees on potential TIF legislation.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Non-Compliance Findings Resolved	100%	100%	2022/2023
Quantity	Views of TIF Statements of Position on Website	6,616	5,732	2022/2023
Quantity	Individuals Viewing Online Training Videos and Attending Trainings	1,309	1,810	2022/2023
Quantity	Annual TIF Reports Filed on Time	98%	99%	2022/2023

Us The following provisions of Minnesota law are the primary legal authority for these activities:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 469.175 (TIF Districts Report to the Office of the State Auditor).

Minn. Stat. § 469.177 (Enforcement Costs; Correction of Errors).

Minn. Stat. § 469.1771 (TIF Oversight).