



Minnesota Office of the State Auditor

2019 Overview

MISSION

Our mission is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

***\$20
Billion***

Oversight

Actions

\$20 Billion

The Office of the State Auditor (OSA) generally oversees over \$20 billion in spending per year by local governments.

Units of Government

The office oversees:

- Counties, Cities and Townships
- School Districts
- Fire Relief Association Pension Funds
- Housing and Redevelopment Authorities
- Port Authorities
- Soil and Water Conservation Districts
- Approximately 150 Other Special Districts

Actions

- Auditing
 - Reviewing
 - Investigating
 - Reporting
 - Educating
-

AUDIT DIVISION

- Conducts approximately 110 financial and compliance audits annually
- Reviews approximately 500 single audits annually
- Provides technical assistance and education
- Serves both the client and the public
- Largest division of the OSA and is funded primarily by audit fees

HIGHLIGHT
***Independent
Specialists***

Independent Specialists

- When new standards are implemented, we are able to expertly guide entities through complicated new rules
- State and County Human Service sought us out to provide statewide training on new standards
- We were able to guide a major pension fund and their auditors through difficult new rules

Tax Increment Finance Division

- Oversees expenditures of approximately 2,100 Tax Increment Financing (TIF) districts
- 92% of cities with over 1000 residents have used TIF
- Educates to help TIF authorities understand and comply with the law
- Identifies issues and communicates with TIF authorities to correct problems
- Entirely funded by 0.36% of the tax increment

HIGHLIGHT

***Early
Intervention***

Early Intervention

- \$10.8 million of tax increment was returned to cities, counties, and school districts last year either voluntarily or required by law
- Despite that number, few are formally reported
- Education efforts and early communication corrects issues before they become a problem, increasing efficiency

Government Information Division

- Primary source of financial information on Minnesota local governments for the U.S. Census Bureau, the Minnesota Legislature, state departments, researchers, and the public
- Receives, reviews, and compiles financial information of over 3,300 entities:
 - 1781 towns
 - 852 cities
 - 87 counties
 - 604 special districts
 - 25 lobbying associations
- Certifies cities that are eligible to receive state aids totaling over \$500M per year.
- Contacts and counsels local governments not complying with legal reporting requirements

HIGHLIGHT

CTAS

CTAS

- The City and Town Accounting System (CTAS), is an accounting software package for small cities and towns designed by the Government Information Division (GID)
- CTAS is similar to Quickbooks, but it is created specifically for small local units of governments.
- There are over 1440 entities that use CTAS and over 2,800 CTAS users
- GID provides CTAS beginner and advanced training in person and over the phone.
- GID receives and responds to over 6,000 annual emails and phone calls on CTAS

Pension Division

- Supports about 600 local public pension plans
- Most are fire relief associations that provide benefits to volunteer and paid-on-call firefighters.
 - These benefits are primary source of compensation for these firefighters
- Serves as the first call for help for volunteer firefighters who serve as trustees on these pension plan boards
- Other large plans supported by the division include the St. Paul Teachers' Retirement Fund Association and the University of Minnesota Supplemental Benefits Plan.
- Responds to thousands of questions each year on topics ranging from investments, benefit calculations, municipal contribution requirements, and firefighter service credit.

HIGHLIGHT

***Volunteer Fire
Relief
Association
Working Group***

Volunteer Fire Relief Association Working Group

- The OSA convenes a team of fire fighters, pension managers, municipal representatives, and other stakeholders to improve local fire relief associations
- Their work, which has included extending benefits to Emergency Medical Service personnel and expanded return to service options, has improved recruitment and retention of firefighters across Minnesota

Legal / Special Investigations Division

- The Legal/Special Investigations division investigates allegations of theft or misuse of public funds by examining local government financial records.
- When appropriate, it coordinates with law enforcement.
- Findings of certain types of wrongdoing are reported to prosecutors.
- Reports are posted to educate the public and local government officials and help them safeguard public dollars in the future.

HIGHLIGHT

***Bemidji Event
Center Vendor***

Bemidji Event Center Vendor

- Reviewed improper and questionable financial transactions involving public dollars at the City's event center, run by a private vendor.
- Identified \$110,000 in improper or questionable uses of those dollars.
- Shared information with City and law enforcement.
- The City changed its practices based on our recommendations.
- Prosecution may result.

Constitutional and Operations Divisions

- The Constitutional Division is the State Auditor herself and her support staff
- The Operations Division supports the day to day operations of the entire office and includes technology, office management, and budgeting

HIGHLIGHT

***Board
Representation***

Board Representation

- The State Auditor sits on the following boards:
 - State Board of Investment
 - Public Employee Retirement Association
 - Minnesota Housing Finance Agency
 - Minnesota Executive Council
 - Minnesota Land Exchange Board
 - Rural Finance Authority
- The State Auditor traditionally leads on the issues that deal with local governmental financial matters on these boards

IMPACT

We ensure that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.