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**2025
Legislative
Overview**

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AGENDA

- What We Do
- What We've Done
- What We Do Next



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WHAT WE DO



Fiscal Oversight

- \$40 billion in local government activity
- \$20 billion in federal funds spent at the state level



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WHAT WE DO



Examinations

- Audits
- Legal Compliance
- Investigations



Support

- Training
- Accounting Tools
- One on One



Analysis

- Collect Data
- Reports
- Comparison Tools



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WHAT WE DO

Audit Division

Our largest division and primary source of local government examinations

- 70 financial and compliance audits annually
- Technical assistance and education
- Funded primarily by audit fees
- Hourly rates unchanged for the last three years



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WHAT WE DO

Government Information Division

Primary source of financial information on Minnesota local governments

- Compiles financial information of over 3,300 entities
- Certifies over \$500 million in state aids
- Supports local governments on legal reporting requirements



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WHAT WE DO

Legal / Special Investigations Division

Investigates allegations of theft or misuse of public funds

- When appropriate, 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



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WHAT WE DO

Tax Increment Finance Division

Oversees expenditures of approximately 1,670 Tax Increment Financing (TIF) districts

- 92% of cities with over 1000 residents have used TIF
- Educates TIF authorities to comply with the law
- Identifies issues with TIF authorities to correct problems
- Funded by 0.36% of the tax increment



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WHAT WE DO

Pension Division

Supports about 520 local public pension plans

- Most are fire relief associations, also includes St. Paul Teachers' Retirement Fund Association and the University of Minnesota Supplemental Benefits Plan
- First call for help for trustees on these pension plan boards
- Responds to thousands of questions each year



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WHAT WE DO

Operations Division

Supports the day-to-day operations of the entire office

- Primary work includes technology, office management, and budgeting
- Calculates fiscal notes for the legislature
- Coordinates OSA infrastructure shared with the State of Minnesota



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WHAT WE DO

Constitution Division

The Constitutional Division is the State Auditor herself and her support staff

- Coordinates legislative activity and policy development
- Communicates with the public
- Supports the State Auditor's work on seven boards



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WHAT WE DO

Budget

85% of our funding supports staffing

- Most of our budget is funded by fees and other sources
- Our fees are based on the actual costs and approved each year by Minnesota Management & Budget
- Last sessions funding closed the gap since 2000 by 13%
- Our budget is less than 0.05% of the state budget



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WHAT WE'VE DONE



Operations

- Increased administrative support
- Decreased vacancies



Township Specialist

- Added staff member to focus on township needs



Special Investigators

- Adding investigators to handle increased public requests



Technology

- Chief Information Officer and new IT staff
- Compliance dashboards
- Improved CTAS



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WHAT WE'VE DONE



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Audit and Reporting Group (AaRG)

- Mission to improve local government reporting in light of public finance staff shortages
- Working group of public sector and private sector auditors, legislators, local officials, state officials
- Examining types, timing, and thresholds for and basis of accounting requirements



WHAT WE'VE DONE

Minnesota Local Government 2025 Auditing and Reporting Requirements

Entity Type	GAAP	Financial Audit	Revenue	Deadline	Prep From GAAP	Revenue Source
County (147)	GAAP	Financial Audit	Annual	November 1	Veritas	\$ 375,212,448(1)
Special District (183)	GAAP	Unaudited Financial Statements	Quarterly	Quarterly	Veritas	\$ 4,756
	Cash	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 4,756
	Cash	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 4,756
	Cash	Financial Audit	Annual	October 31	Veritas	\$ 4,756, 500(1)
Municipal Government (192)	Cash	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
	Cash	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
Component Unit (191)	GAAP	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
City (194)	GAAP	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
Town (195)	GAAP	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
	GAAP	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
Village (196)	GAAP	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000
	GAAP	Financial Audit	Annual	100 days from fiscal year end	Veritas	\$ 100,000,000, \$ 100,000,000, \$ 100,000,000

Minnesota Local Government Reporting and Audits Survey

1. Which type of entity are you representing in this survey?

County

Town

City

Special District or Charter School

Municipal Government

Other

2. Please enter the name of your entity:

City Threshold Calculator

Filters

Revenue Range: \$72,895,088 - \$1,492,546,156

Population Range: 0 - 348,946

Clerk / Treasurer Structure: Combined Separate

Basis of Accounting: GAAP Other

Total Revenue of Selection: \$4,868,099,156

Portion of All MN Cities Revenue: 41.31%

Total Population of Selection: 1,958,879

Portion of All MN Cities Population: 40.52%

Number of Cities in Selection: 33

Portion of MN Cities: 3.86%

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WHAT WE'VE DONE



Peer Review

- Audit practices assessed for accuracy and adherence to standards by auditors from other states
- Achieved top rating

Efficiency Review

- External reviewer assessed our efficiency in conducting audits
- We are making changes in our structure and technology in response

Performance Review

- OLA completed our regular performance review
- OLA assessed our technology processes against best practices for the first time
- We are using this baseline to improve our IT work



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WHAT WE DO NEXT

75%
of US CPAs
can retire
TODAY

OSA Change Items Goals

- Continue essential oversight
- Respond to national public finance staff shortage



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WHAT WE DO NEXT



Operating Adjustment

- Continues current work



Data Warehouse

- Gets our data in a form that can interface with new data technology



Trainers

- Internal trainer to allow the OSA to accept different audit backgrounds
- External auditor to support local entities with staff turnover




IT Auditors

- Adds staff that specialize in technology standards in financial audits




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WHAT WE DO NEXT




Operating Adjustment

- FYs 2026 and 2027: \$486,000 (net)
- 8.8% increase
- Supports 14.5 current FTEs




Data Warehouse

- FYs 2026 and 2027: \$456,000
- 1.6% increase
- Technology costs equal to 1 FTE




Trainers

- FYs 2026 and 2027: \$567,000
- 1.9% increase
- Adds 2 FTEs



IT Auditors

- FYs 2026 and 2027: \$567,000
- 1.9% increase
- Adds 2 FTEs



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WHAT WE DO NEXT



Funding Priorities

- Operating adjustment keeps us from going backwards
- Increasing pay for staff key to fully staffing OSA



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