CHAPTER 6

STATE AUDITOR

6.01 DUTIES, SEAL.
6.02 DEPUTIES, EMPLOYEES.
6.46 TRANSFER OF POWERS OF PUBLIC EXAMINER TO STATE AUDITOR.
6.465 DEFINITIONS.
6.47 ACCOUNTING AND BUDGETING SYSTEMS; INVESTIGATION, FORMS.
6.475 CITY AND TOWN ACCOUNTING SYSTEM SOFTWARE.
6.481 COUNTY AUDITS.
6.49 CITIES OF FIRST CLASS.
6.495 EXAMINATION OF FIRE RELIEF ASSOCIATIONS.
6.496 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; STATE BOARD OF INVESTMENT OPTIONS.
6.50 CITIES OF SECOND, THIRD, OR FOURTH CLASS.
6.51 OTHER POLITICAL SUBDIVISIONS.
6.515 AUDIT OF FEDERAL MONEY.
6.52 TESTIMONIAL POWERS.
6.53 REFUSAL TO ASSIST; PENALTY.
6.54 EXAMINATION OF POLITICAL SUBDIVISION RECORDS; PETITION.
6.55 EXAMINATION OF RECORDS; RESOLUTION OF GOVERNING BODY.
6.551 EXAMINATION OF GRANTEES AND CONTRACTORS OF POLITICAL SUBDIVISIONS.
6.552 AUDIT OF COUNTY OR MUNICIPAL HOSPITALS AND COUNTY NURSING HOMES.
6.56 COST OF EXAMINATION, PAYMENT.
6.57 COST OF EXAMINATION, COLLECTION.
6.581 STATE AUDITOR ENTERPRISE FUND.
6.582 PERSONNEL PLAN.
6.59 CLAIM OF STATE FOR COST OF EXAMINATION, CONTEST.
6.60 STATE AUDITOR, CERTIFICATION OF AMOUNTS DUE.
6.61 SUBJECT TO PRIOR ENACTMENT OF LAWS.
6.62 POSTAUDIT; TAX LEVY.
6.63 APPLICATION.
6.64 COOPERATION WITH PUBLIC ACCOUNTANTS.
6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.
6.66 CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.
6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.
6.68 STATE AUDITOR MAY ASSIST PUBLIC ACCOUNTANT IN AUDIT.
6.69 INFORMATION FURNISHED PUBLIC ACCOUNTANT BY STATE AUDITOR.
6.70 ACCESS TO REPORTS.
6.71 SCOPE OF AUDITOR'S INVESTIGATION.
6.715 CLASSIFICATION OF STATE AUDITOR'S DATA.
6.72 STATE AUDITOR; REPORT TO LEGISLATURE ON FIREFIGHTER RELIEF ASSOCIATIONS.
6.74 INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.
6.745 SUMMARY BUDGET DATA TO STATE AUDITOR.
6.75 ANNUAL REPORT.
6.755 REPORTS TO THE LEGISLATURE.
6.756 SPECIAL DISTRICTS; INFORMATION REQUIRED TO BE FILED WITH STATE AUDITOR; AUDITS.
6.76 POLITICAL SUBDIVISION EXPENDITURES FOR LOBBYISTS.
6.78 BEST PRACTICES REVIEWS.
6.79 STATE MANDATES.
6.80 RULE AND LAW WAIVER REQUESTS.
6.91 LOCAL PERFORMANCE MEASUREMENT AND REPORTING.
6.92 LITIGATION EXPENSES; LEGISLATIVE REPORT.
6.93 EXPENSES OF STATE AUDITOR-ELECT.

6.01 DUTIES, SEAL.

The state auditor shall superintend and manage the fiscal concerns of the state as required by law. The state auditor may execute in behalf of the state assignments and satisfactions of judgments rendered in its favor. The state auditor shall have a seal bearing the words "Seal of the Auditor of Minnesota" and affix it to all official certificates and conveyances executed by the state auditor.

History: *(65) RL s 33; 1955 c 863 s 1; 1986 c 444*

6.02 DEPUTIES, EMPLOYEES.

The state auditor shall appoint a deputy, who may perform all the duties of the office when the auditor is absent or disabled. The state auditor may employ and at pleasure dismiss two additional deputies and a private secretary. This section does not increase the complement of the state auditor.

History: *(66) RL s 34; 1955 c 863 s 2; 1986 c 444; 1992 c 592 s 1*

6.03 [Renumbered 16A.40]

6.04 [Renumbered 16A.41]

6.05 [Renumbered 16A.42]

6.06 [Renumbered 16A.43]

6.07 [Repealed, 1955 c 863 s 22]

6.08 [Renumbered 16A.44]

6.09 [Repealed, 1955 c 863 s 22]

6.10 [Renumbered 16A.45]

6.11 [Renumbered 16A.46]

6.12 [Renumbered 16A.47]

6.13 [Repealed, 1955 c 863 s 22]

6.135 [Repealed, 1947 c 416 s 3]

6.136 [Renumbered 16A.48]

6.137 [Renumbered 16A.49]

6.14 [Repealed, 1955 c 863 s 22]

6.15 [Repealed, 1955 c 863 s 22]

6.16 [Repealed, 1955 c 863 s 22]

6.17 [Repealed, 1955 c 863 s 22]

6.18 [Renumbered 16A.50]

6.19 [Renumbered 16A.51]

6.20 [Renumbered 16A.36]

6.21 [Renumbered 16A.055]

6.211 [Renumbered 16A.52]

6.212 [Renumbered 16A.53]

6.213 [Renumbered 16A.54]

6.214 [Renumbered 16A.55]

6.215 [Obsolete]

6.22 [Renumbered 16A.56]

6.23 [Renumbered 16A.57]

6.24 [Renumbered 16A.58]

6.25 [Renumbered 16A.59]

6.26 [Repealed, 1996 c 310 s 1]

6.27 [Repealed, 1955 c 863 s 22]

6.28 [Renumbered 16A.60]

6.29 [Renumbered 16A.61]

6.291 [Renumbered 16A.62]

6.30 [Renumbered 16A.63]

6.31 [Renumbered 16A.64]

6.32 [Repealed, 1969 c 399 s 51]

6.321 [Repealed, 1969 c 399 s 51]

6.33 [Renumbered 16A.65]

6.34 [Renumbered 16A.66]

6.35 [Renumbered 16A.67]

6.40 [Renumbered 16A.68]

6.42 [Renumbered 16A.69]

6.43 [Renumbered 16A.70]

6.44 [Renumbered 16A.71]

6.45 [Renumbered 16A.72]

6.46 TRANSFER OF POWERS OF PUBLIC EXAMINER TO STATE AUDITOR.

Except as otherwise provided for in Laws 1973, chapter 492, relating to the legislative auditor, all the powers, duties and responsibilities of the public examiner relating to audits of cities of all classes, counties, towns, school districts, and other governmental subdivisions or bodies corporate and politic as contained in sections 6.47 to 6.71, or any other law are hereby transferred to, vested in, and imposed upon the state auditor.

History: *1973 c 123 art 5 s 7; 1973 c 492 s 7*

6.465 DEFINITIONS.

Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this section have the meaning given them.

Subd. 2. **Political subdivision.** "Political subdivision" means a county, home rule charter or statutory city, town, school district, metropolitan or regional agency, public corporation, political subdivision, or special district as defined in subdivision 3. "Political subdivision" does not include a metropolitan or regional agency or a public corporation audited by the legislative auditor.

Subd. 3. **Special district.** "Special district" means a public entity with a special or limited purpose, financed by property tax revenues or other public funds, that is not included in a city, county, or town financial report as a component of that local government, that is created or authorized by law, and that is governed by (1) persons directly elected to the governing board of the district, (2) persons appointed to the governing board of the district by local elected officials, (3) local elected officials who serve on the board by virtue of their elected office, or (4) a combination of these methods of selection. Special district includes special taxing districts listed in section 275.066.

History: *2008 c 200 s 1*

6.47 ACCOUNTING AND BUDGETING SYSTEMS; INVESTIGATION, FORMS.

The state auditor shall inquire into the accounting and budgeting systems of all political subdivisions and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same. At the request of any political subdivision the state auditor may install such systems.

History: *(3286-14) 1939 c 431 art 4 s 7; 1953 c 319 s 2; 1973 c 492 s 14; 2008 c 200 s 2*

6.475 CITY AND TOWN ACCOUNTING SYSTEM SOFTWARE.

(a) The state auditor may charge a onetime user fee to cities, towns, and other government entities for the development, maintenance, and distribution of the small city and town accounting system software. The amount of this fee shall be set by the state auditor in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities.

(b) A city and town accounting systems (CTAS) account is established in the special revenue fund.

(c) Amounts received under paragraph (a) shall be credited to the CTAS account in the special revenue fund and are appropriated to the state auditor for all costs associated with the development, maintenance, and distribution of the small city and town accounting system software. If at any time the small city and town accounting system software ceases to be offered by the state auditor, any amount remaining in the CTAS account shall be equitably refunded to users. The amount of the refund shall be set by the state auditor in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities, and the account shall be closed.

History: *2013 c 142 art 3 s 10*

6.48 [Repealed, 2015 c 77 art 2 s 88; 1Sp2015 c 6 s 3]

6.481 COUNTY AUDITS.

Subdivision 1. **Powers and duties.** All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public

property, and improvements of several counties of the state. The state auditor may visit, without previous notice, each county and examine all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices.

Subd. 2. **Annual audit required.** A county must have an annual financial audit. A county may choose to have the audit performed by the state auditor, or may choose to have the audit performed by a CPA firm meeting the requirements of section 326A.05. The state auditor or a CPA firm may accept the records and audit of the Department of Human Services instead of examining county human service funds, if the audit of the Department of Human Services has been made within any period covered by the auditor's audit of other county records.

Subd. 3. **CPA firm audit.** A county audit performed by a CPA firm must meet the standards and be in a form meeting recognized industry auditing standards. The state auditor may require additional information from the CPA firm if the state auditor determines that is in the public interest, but the state auditor must accept the audit unless the state auditor determines the audit or its form does not meet recognized industry auditing standards. The state auditor may make additional examinations as the auditor determines to be in the public interest.

Subd. 4. **Audit availability; data.** A copy of the annual audit by the state auditor or by a CPA firm must be available for public inspection in the Office of the State Auditor and in the Office of the County Auditor. If an audit is performed by a CPA firm, data relating to the audit are subject to the same data classifications that apply under section 6.715. A CPA firm conducting a county audit must provide access to data relating to the audit and is liable for unlawful disclosure of the data as if it were a government entity under chapter 13.

Subd. 5. **Reporting.** If an audit conducted by the state auditor or a CPA firm discloses malfeasance, misfeasance, or nonfeasance, the auditor must report this to the county attorney, who shall institute civil and criminal proceedings as the law and the protection of the public interests requires.

Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the state auditor for the costs and expenses of the audit. If the state auditor makes additional examinations of a county whose audit is performed by a CPA firm, the county must pay the auditor for the cost of these examinations. Payments must be deposited in the general fund.

Subd. 7. **Procedures for change of auditor.** A county that plans to change to or from the state auditor and a CPA firm must notify the state auditor of this change by August 1 of an even-numbered year. Upon this notice, the following calendar year will be the first year's records that will be subject to an audit by the new entity. A county that changes to or from the state auditor must have two annual audits done by the new entity.

History: *2015 c 77 art 2 s 3; 1Sp2017 c 4 art 2 s 10,11*

6.49 CITIES OF FIRST CLASS.

All powers and duties conferred and imposed upon the state auditor with respect to state and county officers, institutions, property, and improvements are hereby extended to cities of the first class. Copies of the written report of the state auditor on the financial condition and accounts of such city shall be filed in the state auditor's office, with the mayor, city council, and city comptroller thereof, and with the city commissioners, if such city have such officers. If such report disclose malfeasance, misfeasance, or

nonfeasance in office, copies thereof shall be filed with the city attorney thereof and with the county attorney of the county in which such city is located, and these officials of the law shall institute such proceedings, civil or criminal, as the law and the public interest require.

The state auditor shall bill said cities monthly for services rendered, including any examination, and the officials responsible for approving and paying claims shall cause said bill to be promptly paid.

A city that first became a city of the first class after 2009 may provide for an audit to be performed by a certified public accountant firm meeting the requirements of section 326A.05 instead of having an audit performed by the state auditor. An audit performed under this paragraph must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the certified public accountant firm that the state auditor deems in the public interest, but the state auditor must accept the audit unless the state auditor determines that it does not meet recognized industry auditing standards or is not in the form required by the state auditor.

History: *(3279) 1913 c 555 s 6; 1949 c 206 s 1; 1973 c 492 s 14; 1986 c 444; 1Sp2003 c 1 art 2 s 5; 1Sp2011 c 10 art 3 s 23*

6.495 EXAMINATION OF FIRE RELIEF ASSOCIATIONS.

Subdivision 1. **Audit and examinations.** All powers and duties conferred and imposed upon the state auditor with respect to state, county, and first-class city officers, institutions, and property are hereby extended to the various fire relief associations in the state. The state auditor shall annually audit the special and general funds of the relief association or, at the request of the board of trustees or the municipality, the state auditor may contract for an annual audit by a certified public accountant. The state auditor may determine that an annual audit is not necessary, in which case the state auditor shall develop a plan for examination of unaudited relief associations, and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same.

Copies of the written report of the state auditor on the financial condition and accounts of the relief association must be filed with the board of trustees of the relief association and the governing body of the municipality associated with the relief association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard to relief association funds, copies thereof must be filed with the city attorney or county attorney in the city or county in which the relief association is located, and these officials of the law shall institute proceedings, civil or criminal, as the law and public interest require.

Subd. 2. [Repealed, 1987 c 404 s 191]

Subd. 3. **Reports to commissioner of revenue.** (a) On or before September 15, November 1, March 1, and June 1, the state auditor must file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The commissioner of revenue shall prescribe the content, format, and manner of the financial compliance reports required by paragraph (a), pursuant to section 270C.30.

History: *1986 c 359 s 2; 2013 c 111 art 5 s 1,2,80; 1Sp2019 c 6 art 22 s 1; 2023 c 64 art 17 s 1*

6.496 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS; STATE BOARD OF INVESTMENT OPTIONS.

(a) Annually, on or before March 1, the state auditor shall provide all firefighter relief associations with recent and historic investment performance results of the various accounts of the Minnesota supplemental investment fund and information on the process and procedures for a firefighter relief association to utilize the Minnesota supplemental investment fund as an investment option.

(b) Annually, on or before March 1, the state auditor shall provide all firefighter relief associations with basic information on the statewide volunteer firefighter plan, that a fire department has the option annually to join the retirement plan, and that, if the fire department joins the retirement plan, future asset investments would be the responsibility of the State Board of Investment.

(c) The information provision required by paragraphs (a) and (b) may be provided in an electronic or other format if the state auditor determines that the format is reasonably accessible by a preponderance of firefighter relief associations.

History: *2013 c 111 art 8 s 1; 2020 c 108 art 7 s 9;2024 c 102 art 2 s 31 ; 2026 c 106 art 15 s 1*

6.50 CITIES OF SECOND, THIRD, OR FOURTH CLASS.

The state auditor shall have like power and duty to supervise the accounts of all cities not included in section 6.49. The state auditor may require the financial officers of any city not included in section 6.49 to send all books, accounts, and vouchers pertaining to the receipt, disbursement, and custody of its public funds to the Office of the State Auditor for examination. The state auditor may prescribe and install for such cities systems of accounts and reports, which shall be uniform for each class of cities and offices. The state auditor may conduct such examinations of accounts and records as the state auditor may deem the public interest to demand.

The report of such examination shall be filed with the mayor and city council or commission; and, in case of any violation of law, such report shall be filed with the city attorney thereof and with the county attorney of the county in which the administrative offices of such city are located, and these officials of the law shall institute such proceedings as the law and the public interest require.

History: *(3280) 1913 c 555 s 7; 1949 c 33 s 4; 1951 c 186 s 1; 1961 c 586 s 2; 1973 c 492 s 14; 1986 c 444*

6.51 OTHER POLITICAL SUBDIVISIONS.

All powers and duties of the state auditor herein imposed and conferred with respect to the supervision, inspection, and examination of books and accounts of cities in section 6.50 are herewith extended to all political subdivisions of this state. A copy of the report of such examination shall be filed, subject to public inspection, with the clerk or chief administrative officer of the political subdivision receiving such examination, and an additional copy with the county auditor of the county in which the administrative offices of the political subdivision are located. If such report disclose malfeasance, misfeasance, or nonfeasance in office, the state auditor shall file such copy with the county attorney of the county in which the administrative offices of the political subdivision are located, and the county attorney shall institute such proceedings as the law and the public interest require.

History: *(3281) 1913 c 555 s 8; 1961 c 586 s 3; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 2008 c 200 s 3*

6.515 AUDIT OF FEDERAL MONEY.

The state auditor, in respect to any political subdivision subject to the state auditor's audit jurisdiction provided by this chapter, is empowered to examine all accounts and records of the subdivision relating to funds consisting in whole or part of money received from the federal government or any agency thereof.

History: *1977 c 447 art 7 s 1; 1986 c 444*

6.52 TESTIMONIAL POWERS.

In all matters relating to official duties, the state auditor shall have the powers possessed by courts of law to issue subpoenas and cause them to be served and enforced. All state and county auditors, treasurers, and other public officials, and their respective deputies and employees, all officers, directors, and employees of all railway and other companies required by law to pay taxes to the state upon a gross earnings basis, and all persons having dealings with or knowledge of the affairs or methods of such companies, and likewise all corporations, firms, and individuals having business involving the receipt, disbursement, or custody of the public funds shall at all times afford reasonable facilities for such examinations, make such returns and reports to the state auditor as required, attend and answer under oath the auditor's lawful inquiries, produce and exhibit such books, accounts, documents, and property as the auditor may desire to inspect, and in all things aid the auditor in the performance of duties.

History: *(3283) 1913 c 555 s 10; 1973 c 492 s 14; 1986 c 444*

6.53 REFUSAL TO ASSIST; PENALTY.

Every person who shall refuse or neglect to obey any lawful direction of the state auditor, or the auditor's deputy or assistants; withhold any information, book, record, paper, or other thing called for by the auditor for the purpose of examination; willfully obstruct or mislead the auditor in the execution of duties; or swear falsely concerning any matter stated under oath, shall be guilty of a felony, the minimum penalty whereof shall be a fine of $3,000, or imprisonment in the Minnesota Correctional Facility-Stillwater for one year.

History: *(3284) 1913 c 555 s 11; 1973 c 492 s 14; 1979 c 102 s 13; 1984 c 628 art 3 s 11; 1986 c 444*

6.54 EXAMINATION OF POLITICAL SUBDIVISION RECORDS; PETITION.

Subdivision 1. **Petition of voters for audit.** The registered voters in a political subdivision other than a town or school district or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the political subdivision or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a political subdivision other than a town or school district, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election.

Subd. 2. **School districts.** The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during

the preceding school year as shown on the records in the office of the commissioner of education. In the case of school districts, the petition shall be signed by at least ten eligible voters.

Subd. 3. **Certifications required.** At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the political subdivision as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate clerk or chief administrative officer of the political subdivision and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

History: *(3286-1) 1929 c 259 s 1; 1937 c 415 s 1; 1951 c 185 s 1; 1953 c 689 s 1; 1959 c 518 s 1; 1973 c 71 s 1; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1979 c 82 s 1; 1983 c 314 art 7 s 2; 1984 c 562 s 1; 1987 c 266 art 2 s 1; 1Sp1995 c 3 art 16 s 13; 2003 c 130 s 12; 1Sp2003 c 1 art 2 s 6; 2008 c 200 s 4*

6.55 EXAMINATION OF RECORDS; RESOLUTION OF GOVERNING BODY.

The governing body of any political subdivision by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to said resolution, a written request signed by a majority of the members of the governing body; and the governing body of any political subdivision, or of any instrumentality joint or several of any political subdivision, may request an audit of its books, records, accounts and affairs in the same manner; provided that the scope of the examination may be limited by the request, but such examination shall cover, at least, all cash received and disbursed and the transactions relating thereto. Such written request shall be presented to the clerk, recording officer, or chief administrative officer of the political subdivision or instrumentality, before being presented to the state auditor, who shall determine whether the same is signed by a majority of the members of such governing body and, if found to be so signed, shall certify such fact, and the fact that such resolution was passed, which certificate shall be conclusive evidence thereof in any action or proceedings for the recovery of the costs, charges and expenses of any examination made pursuant to such request. Nothing contained in any of the laws of the state relating to the state auditor, shall be so construed as to prevent any political subdivision from employing a certified public accountant to examine its books, records, accounts, and affairs. For the purposes of this section, the governing body of a town is the town board.

History: *(3286-2) 1929 c 259 s 2; 1943 c 188 s 1; 1953 c 689 s 2; 1959 c 518 s 2; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1984 c 562 s 2; 1Sp2003 c 1 art 2 s 7; 2008 c 200 s 5*

6.551 EXAMINATION OF GRANTEES AND CONTRACTORS OF POLITICAL SUBDIVISIONS.

The state auditor may examine the books, records, documents, and accounting procedures and practices of a contractor or grantee of a political subdivision pursuant to section 16C.05, subdivision 5. The examination shall be limited to the books, records, documents, and accounting procedures and practices that are relevant to the contract or transaction with the political subdivision.

History: *1993 c 315 s 1; 1998 c 386 art 2 s 7; 2008 c 200 s 6*

6.552 AUDIT OF COUNTY OR MUNICIPAL HOSPITALS AND COUNTY NURSING HOMES.

Subdivision 1. **Hospitals.** Notwithstanding the provisions of any law to the contrary, any county or municipal hospital board may employ a certified public accountant to annually audit and examine the books of said hospital. The report of such examination or audit by such certified public accountant shall be submitted

to the state auditor who shall review such audit report and may accept such audit or make such additional examinations as the state auditor deems to be in the public interest.

Subd. 2. **Nursing homes.** Notwithstanding the provisions of any law to the contrary, any county nursing home board may employ a certified public accountant to annually audit and examine the books of the nursing home. The report of the examination or audit by the certified public accountant must be submitted to the state auditor. The state auditor shall review the audit report and may accept the audit or make additional examinations as the state auditor deems to be in the public interest.

History: *1974 c 489 s 1; 1986 c 444; 2003 c 53 s 1*

6.56 COST OF EXAMINATION, PAYMENT.

Subdivision 1. [Repealed, 2008 c 200 s 22]

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such political subdivision periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The general fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Subd. 3. **Payment of interest on late payments required.** (a) A political subdivision shall pay interest to the state auditor for undisputed billings when the political subdivision has not paid the billing within 60 days following receipt of the invoice. A negotiated contract or agreement between a political subdivision and the state auditor which requires an audit by the political subdivision before acceptance and payment of the state auditor's invoice shall not be considered past due until 60 days after the completion of the audit by the political subdivision. Before any interest payment is made, the state auditor must invoice the political subdivision for the interest.

(b) The rate of interest paid by the political subdivision on undisputed bills not paid within 60 days shall be 1.5 percent per month or any part of a month.

(c) No interest penalties may accrue against a political subdivision that delays payment of a bill due to a disagreement with the state auditor over the validity of the bill if the dispute is settled within 60 days after the bill became due. Upon the resolution of the dispute, the political subdivision must pay the state auditor accrued interest on all proper invoices for which payment was not received within 60 days following the receipt of the original invoice.

(d) The minimum monthly interest penalty payment that a political subdivision shall pay the state auditor for the unpaid balance for any one overdue bill equal to or in excess of $100, is $10. For unpaid balances of less than $100, the political subdivision shall pay the actual penalty due to the state auditor.

History: *(3286-3) 1929 c 259 s 3; 1949 c 33 s 5; 1951 c 187 s 1; 1955 c 870 s 1; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1986 c 444; 1989 c 335 art 4 s 3; 1993 c 315 s 2; 2013 c 142 art 3 s 12; 1Sp2017 c 4 art 2 s 12*

6.57 COST OF EXAMINATION, COLLECTION.

On July 1 of each year, the state auditor shall certify all uncollected claims for the examination of any political subdivision that have remained unpaid for a period of three months from the date of such claim. The auditor shall forthwith notify the clerk, recording officer, or chief administrative officer of each political subdivision against which the state has a claim that, if the same is not paid, with interest at the rate of six percent per annum from the date of the claim, within 90 days, the full amount thereof will be certified to the county auditor of the county having such examination, or to the county auditor for the county or counties in which the political subdivision is situated, for collection by special tax levy, as herein provided. Such notice shall be served by certified mail and the deposit thereof in the United States mail shall constitute due and legal service thereof upon the political subdivision.

History: *(3286-4) 1929 c 259 s 4; 1955 c 870 s 1; 1969 c 359 s 2; 1973 c 123 art 5 s 7; 1974 c 406 s 42; 1978 c 674 s 60; 2008 c 200 s 7*

6.58 [Repealed, 2013 c 142 art 3 s 37]

6.581 STATE AUDITOR ENTERPRISE FUND.

Subdivision 1. [Repealed, 1Sp2017 c 4 art 2 s 66]

Subd. 2. **Contract with private parties; equipment acquisition.** When full-time personnel are not available, the state auditor may contract with a private entity for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the Office of the State Auditor.

Subd. 3. **Schedule of charges.** The state auditor may adjust the schedule of charges for the examinations performed so that the charges are sufficient to cover all costs of the examinations performed and that the aggregate charges collected are sufficient to pay all salaries and other expenses, including the charges for the use of the equipment used in connection with the reimbursable examinations performed, and the cost of contracting for accounting and other technical services. The schedule of charges shall be based on an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for the examinations performed at least annually. All schedules of charges must be approved by the commissioner of management and budget before the charges are adopted to ensure that the amount collected is sufficient to pay all the costs connected with the examinations performed during the fiscal year.

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over the budget of the state auditor a summary of anticipated revenues, and expenditures related to examinations for the biennium ending June 30 of that year. The report must also include for the biennium the number of full-time equivalents, by division, employed by the Office of the State Auditor, any audit rate changes stated as a percentage, the number of audit reports issued, and the number of counties audited.

History: *2013 c 142 art 3 s 13; 1Sp2017 c 4 art 2 s 13*

6.582 PERSONNEL PLAN.

Notwithstanding any law to the contrary, the state auditor shall develop and implement for nonclerical positions in the Office of the State Auditor a personnel recruitment and hiring plan. The plan shall be approved by the commissioner of management and budget before becoming effective.

History: *1980 c 431 s 2; 1982 c 560 s 2; 2008 c 204 s 42; 2009 c 101 art 2 s 109*

6.59 CLAIM OF STATE FOR COST OF EXAMINATION, CONTEST.

On or before September 1 of each year, following service of the notice, any political subdivision may serve notice, in writing, upon the attorney general that it desires to contest the legality of the state's claim, and the attorney general shall forthwith file with the court administrator of the district court of the county having such examination, or in which the political subdivision, or major part thereof, is situated, a verified statement of the state's claim, duly itemized and serve upon the auditor, clerk, or chief administrative officer of the political subdivision, by certified mail, a copy of such statement. The political subdivision may file with the court administrator of such district court, within ten days after the service of such statement upon it, verified objections to the state's claim, and such district court shall thereupon summarily, in or out of term, hear and determine the amount due the state, if any, for such examination, at a time and place fixed by the court therefor. The court administrator of court shall certify to the county auditor of the county having such examination, or to the county auditor of the county or counties in which the political subdivision is situated, the amount so determined by the court to be due to the state, if any.

History: *(3286-5) 1929 c 259 s 5; 1955 c 870 s 1; 1969 c 359 s 3; 1973 c 123 art 5 s 7; 1978 c 674 s 60; 1Sp1986 c 3 art 1 s 82; 2008 c 200 s 8*

6.60 STATE AUDITOR, CERTIFICATION OF AMOUNTS DUE.

On October 1 of each year, the state auditor shall certify the respective amounts due the state from the various political subdivisions, including interest computed to July first, following, to the county auditor of the county having such examination, or to the county auditor of the county in which any political subdivision is, in whole or in part, situated. The county auditor, upon receiving a certificate from the state auditor, or a certificate from the court administrator, as provided in section 6.59, shall include the amount of the state's claim, with 25 percent added, in the tax levy for general revenue purposes of the political subdivision liable therefor, and such additional levy shall not be within any limitation imposed by law upon the amount of taxes which may be levied for revenue purposes. Upon completion of the June tax settlement following such levy the county treasurer shall deduct from the amount apportioned to the political subdivision for general revenue purposes, the amount due the state, including interest, and remit the same to the commissioner of management and budget.

History: *(3286-6) 1929 c 259 s 6; 1955 c 870 s 1; 1969 c 359 s 4; 1973 c 123 art 5 s 7; 1974 c 406 s 43; 1Sp1986 c 3 art 1 s 82; 2003 c 112 art 2 s 50; 2008 c 200 s 9; 2009 c 101 art 2 s 109*

6.61 SUBJECT TO PRIOR ENACTMENT OF LAWS.

Subject to the provisions of Laws 1939, chapter 431, the state auditor shall have and exercise all the rights, powers, and duties conferred upon the former public examiner by Mason's Minnesota Statutes of 1927, sections 3274, 3275, 3276, 3277, 3279, 3280, 3281, 3282, 3283, 3284, and 3286, and the 1938 Supplement to Mason's Minnesota Statutes of 1927, sections 3278, 3286-1, 3286-2, 3286-3, 3286-4, 3286-5, 3286-6, and 3286-7, and acts amendatory thereof or supplementary thereto, and all the provisions thereof shall apply to and govern all matters therein specified respecting the Office and Department of the State Auditor, except that any limitations therein contained as to the number of employees to be appointed by the

state auditor shall not apply. The state auditor shall account separately for all of the charges, receipts, and disbursements of the Department of the State Auditor pertaining to the examining and auditing of all school districts, towns and cities for which charges are made, and after allocating to the expense thereof a proper pro rata share of the administrative expense, such functions of the Department of the State Auditor shall be sustained, so far as practicable, by the funds collected therefor from such political subdivisions as otherwise provided by law.

History: *(3286-15) 1939 c 431 art 4 s 8; 1973 c 123 art 5 s 7; 1973 c 492 s 14*

6.62 POSTAUDIT; TAX LEVY.

Subdivision 1. **Levy of tax.** Counties, cities and towns are authorized, if necessary, to levy an amount sufficient to pay the expense of a postaudit by the state auditor.

Subd. 2. **Cost of postaudit.** The amount of said levy shall be the amount of the claim or claims submitted by the state auditor for such services or the auditor's estimate of the entire cost, and said amount shall be certified by the governing body, after the request or petition for the audit has been filed, to the county auditor, along with amounts requested for other governmental purposes. If such levy has been made in excess of statutory limitations, and if the request or petition is withdrawn after the amount of the levy has been certified but the levy cannot be canceled because it has been spread on the tax lists, the governing body shall cause the proceeds of such levy to be transferred to the general fund and reduce the succeeding year's levy for general purposes accordingly. Provided, however, political subdivisions whose financial affairs are required by statute or charter to be audited at regular intervals may levy annually or biennially in anticipation of the audit expense, without the presentment of such claim or estimate by the state auditor.

Subd. 3. **Use of proceeds of levy.** The proceeds of said levy shall be set aside and used only to cover the state auditor's claim.

History: *1951 c 189 s 1; 1953 c 338 s 1; 1959 c 518 s 5; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1978 c 764 s 1; 1983 c 314 art 7 s 3; 1986 c 444; 1Sp1989 c 1 art 5 s 1; 1Sp1995 c 3 art 1 s 1; 2008 c 200 s 10*

6.63 APPLICATION.

The units of government set forth in sections 6.465, 6.57, 6.59, 6.60, and 6.62 shall be construed, where applicable, to include, in addition to those therein specifically named, public utility commissions, public corporations, and instrumentalities.

History: *1959 c 518 s 3; 2008 c 200 s 11*

6.64 COOPERATION WITH PUBLIC ACCOUNTANTS.

There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for political subdivisions. For the purposes of sections 6.64 to 6.71 and section 6.756, the term public accountant shall have the meaning ascribed to it in section 412.222.

History: *1957 c 631 s 1; 1961 c 560 s 18; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1Sp2003 c 1 art 2 s 8; 2008 c 200 s 12*

6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of political subdivisions in Minnesota. The minimum scope for audits of all political

subdivisions must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting standards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

History: *1957 c 631 s 2; 1973 c 492 s 14; 1983 c 301 s 62; 1988 c 629 s 6; 1989 c 67 s 1; 1990 c 562 art 8 s 1; 1993 c 224 art 14 s 1; 2001 c 161 s 1; 1Sp2003 c 1 art 2 s 9; 2008 c 200 s 13*

6.66 CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.

Any certified public accountant may engage in the practice of auditing the books, records, accounts, and affairs of political subdivisions that are not otherwise required by law to be audited exclusively by the state auditor.

History: *1957 c 631 s 3; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1Sp2003 c 1 art 2 s 10; 2008 c 200 s 14; 2010 c 191 s 2*

6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a political subdivision or a local public pension plan governed by chapter 354A or 424A or Laws 2013, chapter 111, article 5, sections 31 to 42, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

History: *1957 c 631 s 4; 1959 c 518 s 6; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1986 c 444; 1Sp2003 c 1 art 2 s 11; 2008 c 200 s 15; 2008 c 349 art 14 s 1; 2009 c 86 art 1 s 3; 2010 c 359 art 12 s 1; 1Sp2011 c 8 art 8 s 1,14; 2013 c 111 art 5 s 3,80*

6.68 STATE AUDITOR MAY ASSIST PUBLIC ACCOUNTANT IN AUDIT.

Subdivision 1. **Request to governing body.** If in an audit of a political subdivision a public accountant has need of the assistance of the state auditor, the accountant may obtain such assistance by requesting the governing body of the political subdivision being examined to request the state auditor to perform such auditing or investigative services, or both, as the matter and the public interest require.

Subd. 2. **Auditor's report; payment.** The state auditor shall work in close cooperation with the public accountant in rendering the services so requested and the state auditor shall make such report of findings to the county attorney as is required by law to be made of nonfeasance, misfeasance, and malfeasance discovered by the state auditor. The political subdivision shall be liable for the payment of such services so performed by the state auditor in the same manner as if it had requested the services pursuant to section 6.55.

History: *1957 c 631 s 5; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1986 c 444; 1Sp2003 c 1 art 2 s 12; 2008 c 200 s 16*

6.69 INFORMATION FURNISHED PUBLIC ACCOUNTANT BY STATE AUDITOR.

Subdivision 1. **Governmental accounting information.** The state auditor, whenever time and facilities permit, shall furnish information to public accountants, when requested by them to do so, concerning governmental accounting and auditing principles, practices, and procedures, and other related matters.

Subd. 2. **Charge for services.** The state auditor may charge the actual cost of furnishing such information and the public accountant shall pay the amount so charged promptly after receipt of the claim.

History: *1957 c 631 s 6; 1973 c 492 s 14*

6.70 ACCESS TO REPORTS.

The state auditor and the public accountants shall have reasonable access to each other's audit reports, working papers, and audit programs concerning audits made by each of the political subdivisions.

History: *1957 c 631 s 7; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1Sp2003 c 1 art 2 s 13; 2008 c 200 s 17*

6.71 SCOPE OF AUDITOR'S INVESTIGATION.

Whenever the governing body of a political subdivision shall have requested a public accountant to make an audit of its books and affairs, and such audit is in progress or has been completed, and registered voters or electors petition or the governing body requests or both the state auditor to make an examination covering the same, or part of the same, period, the state auditor may, in the public interest, limit the scope of the examination to less than that specified in section 6.54, but the scope shall cover, at least, an investigation of those complaints which are within the state auditor's powers and duties to investigate.

History: *1957 c 631 s 8; 1959 c 518 s 7; 1973 c 123 art 5 s 7; 1973 c 492 s 14; 1986 c 444; 1Sp2003 c 1 art 2 s 14; 2008 c 200 s 18*

6.715 CLASSIFICATION OF STATE AUDITOR'S DATA.

Subdivision 1. **Definitions.** (a) For purposes of this section, "audit" means an examination, financial audit, compliance audit, or investigation performed by the state auditor.

(b) The definitions in section 13.02 apply to this section.

Subd. 2. **Classification.** Data relating to an audit are protected nonpublic data or confidential data on individuals, until the final report of the audit has been published or the audit is no longer being actively pursued. Data that support the conclusions of the report and that the state auditor reasonably believes will result in litigation are protected nonpublic data or confidential data on individuals, until the litigation has been completed or is no longer being actively pursued. Data on individuals that could reasonably be used to determine the identity of an individual supplying data for an audit are private if the data supplied by the individual were needed for an audit and the individual would not have provided the data to the state auditor without an assurance that the individual's identity would remain private, or the state auditor reasonably believes that the subject would not have provided the data. Data that could reasonably be used to determine the identity of an individual supplying data pursuant to section 609.456 are private.

Subd. 3. **Law enforcement.** Notwithstanding any provision to the contrary in subdivision 2, chapter 13, or any other statute related to the classification of government data, the state auditor may share data relating to an audit with appropriate law enforcement agencies, including data classified as not public.

Subd. 4. **Access to data.** It is not a violation of chapter 13 or any other statute related to the classification of government data for a state agency, statewide system, or political subdivision, as defined in section 13.02, to provide data or information to the state auditor, including data classified as not public, for the purpose of an audit or pursuant to section 609.456, subdivision 1.

Subd. 5. **Review of data; data protection.** If, before releasing a report, the state auditor provides a person with data relating to the audit for the purpose of review and verification of the data, the person must protect the data from unlawful disclosure or be subject to the penalties and liabilities provided in sections 13.08 and 13.09.

History: *1993 c 351 s 1; 2002 c 352 s 1,2; 2008 c 315 s 1*

6.72 STATE AUDITOR; REPORT TO LEGISLATURE ON FIREFIGHTER RELIEF ASSOCIATIONS.

Subdivision 1. **Reporting requirements.** (a) Annually, the state auditor shall report to the legislature on the general financial condition of the various firefighter relief associations in the state as of December 31 of the year preceding the filing of the report.

(b) Two copies of the report shall be filed with the executive director of the Legislative Commission on Pensions and Retirement and the report shall be filed with the director of the Legislative Reference Library as provided by section 3.195.

Subd. 2. **Contents of report.** The report must include for all firefighter relief associations directly associated with the municipal fire departments and all firefighter relief associations subsidiary to independent nonprofit firefighting corporations, the following:

(1) amount of accrued liability;

(2) amount of the assets of the special fund;

(3) amount of surplus or unfunded accrued liability;

(4) funding ratio;

(5) amount of annual accruing liability or normal cost;

(6) amount of annual required contribution to amortize the unfunded accrued liability;

(7) amount of total required contribution;

(8) amount of fire state aid and supplemental fire state aid;

(9) amount of any municipal contributions;

(10) amount of administrative expenses;

(11) amount of service pension disbursements;

(12) amount of other retirement benefit disbursements;

(13) number of active members;

(14) number of retired members;

(15) number of deferred members;

(16) amount of fidelity bond of secretary and treasurer;

(17) amount of lump sum or monthly service pension accrued per year of service credit;

(18) minimum retirement age required for commencement of a service pension;

(19) minimum years of active service credit required for commencement of service pension;

(20) minimum years of active membership credit required for commencement of service pension; and

(21) type and amount of other retirement benefits.

Subd. 3. **Report format.** The report required by this section must be organized in a manner that the state auditor determines to provide fair representation of the condition of the various firefighter relief associations.

History: *1979 c 201 s 20; 1986 c 359 s 3,26; 2006 c 271 art 13 s 1; 2009 c 32 s 4; 2026 c 106 art 15 s 26*

6.74 INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.

The state auditor, or a designated agent, shall collect annually from all city, county, and other local units of government, information as to the assessment of property, collection of taxes, receipts from licenses and other sources including administrative fines assessed and collected pursuant to section 169.999, the expenditure of public funds for all purposes, borrowing, debts, principal and interest payments on debts, and such other information as may be needful. The data shall be supplied upon forms prescribed by the state auditor, and all public officials so called upon shall fill out properly and return promptly all forms so transmitted. The state auditor or assistants, may examine local records in order to complete or verify the information.

History: *(3286-12) 1939 c 431 art 4 s 5; 1943 c 435 s 1; 1973 c 123 art 5 s 7; 1973 c 492 s 31; 1986 c 444; 1999 c 99 s 5; 1Sp2003 c 1 art 2 s 15; 2009 c 158 s 1*

6.745 SUMMARY BUDGET DATA TO STATE AUDITOR.

Subdivision 1. **Cities.** Annually, upon adoption of the city budget, the city council of each home rule charter or statutory city shall forward summary budget information to the Office of the State Auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The Office of the State Auditor shall work with representatives of city government to develop a budget reporting form that conforms with city budgeting practices and provides the necessary summary budget information to the Office of the State Auditor. The summary budget data must include separately any net unrealized gains or losses from investments. The summary budget data shall be provided to the Office of the State Auditor no later than January 31 of each budget year.

Subd. 2. **Counties.** Annually, upon adoption of the county budget, the county board shall forward summary budget information to the Office of the State Auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The Office of the State Auditor shall work with representatives of county government to develop a budget reporting form that conforms with county budgeting practices and provides the necessary summary budget information to the Office of the State Auditor. The summary budget data must include separately any net unrealized gains or losses from investments. The summary budget data shall be provided to the Office of the State Auditor no later than January 31 of each budget year.

History: *1993 c 315 s 3; 1995 c 134 s 1; 1996 c 399 art 1 s 1; 2008 c 175 s 1*

6.75 ANNUAL REPORT.

The state auditor shall make and file, annually, in the state auditor's office a summary report of the information collected, with such compilations and analyses and interpretations as may be deemed helpful. Copies of such report may be made and distributed to interested persons and governmental units. A copy of the report shall be forwarded to the legislative auditor.

History: *(3286-13) 1939 c 431 art 4 s 6; 1945 c 338 s 1; 1973 c 492 s 32; 1986 c 444*

6.755 REPORTS TO THE LEGISLATURE.

Section 3.195 applies to the state auditor. For purposes of determining whether members or employees of the legislature wish to receive reports or publications prepared by the state auditor, the state auditor may send a brief listing of reports to each member. The state auditor must deliver reports or publications to the legislature electronically whenever it is cost effective.

History: *2005 c 156 art 2 s 2*

6.756 SPECIAL DISTRICTS; INFORMATION REQUIRED TO BE FILED WITH STATE AUDITOR; AUDITS.

Subdivision 1. **Governance documents must be filed.** Each special district must file with the state auditor, within 60 days of adoption, any document relating to the governance of the district, including articles of incorporation, bylaws, or agreements, and any amendment to these documents.

Subd. 2. **Audit requirements.** (a) A special district with total annual revenue greater than the threshold amount for cities under section 412.591, subdivision 3, paragraph (b), must provide for an annual audit of the district's financial affairs by the state auditor or a public accountant in accordance with minimum auditing procedures prescribed by the state auditor.

(b) A special district with total annual revenue that is equal to or less than the threshold amount for cities under section 412.591, subdivision 3, paragraph (b), must provide for an audit of the district's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor at least once every five years. The audit must be for a one-year period to be determined at random by the person conducting the audit. The audited financial statement must be prepared in a form prescribed by the state auditor similar to the reporting requirements for cities under 2,500 in population. For any year in which a special district is not audited, the district must prepare a financial statement in a form prescribed by the state auditor similar to the reporting requirements for cities reporting on a cash basis and file that statement with the state auditor.

(c) This subdivision does not apply to a special district subject to financial auditing and reporting requirements under other law.

Subd. 3. **Presentation to governing board; filing with state auditor.** Except as provided by other law, financial statements and audits must be completed, presented to the district's governing board, and filed with the state auditor within 180 days after the end of the district's fiscal year.

History: *2008 c 200 s 19*

6.76 POLITICAL SUBDIVISION EXPENDITURES FOR LOBBYISTS.

(a) On or before January 31 of each year, all political subdivisions shall report to the state auditor, on forms prescribed by the auditor, their estimated expenditures paid for the previous calendar year to a lobbyist

as defined in section 10A.01, subdivision 21, except payments to associations of political subdivisions that are reported under paragraph (b), and to any staff person not registered as a lobbyist, over 25 percent of whose time is spent during the legislative session on legislative matters.

(b) Associations of political subdivisions subject to this section shall report annually, on or before January 31, to the state auditor and the association's members the proportionate amount of each member's dues spent for lobbying purposes.

(c) For purposes of this section, "political subdivision" has the meaning given in section 6.465, but also includes a metropolitan or regional agency or a public corporation audited by the legislative auditor.

History: *1986 c 444; 1Sp1989 c 1 art 3 s 30; 1994 c 628 art 3 s 1; 1997 c 231 art 16 s 1; 1999 c 220 s 50; 2001 c 7 s 2; 2008 c 200 s 20*

6.77 [Repealed, 1Sp2003 c 1 art 2 s 136]

6.78 BEST PRACTICES REVIEWS.

The state auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The state auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. The state auditor shall determine the local government services to be reviewed in consultation with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Association of Metropolitan Municipalities, the Minnesota Association of Townships, the Minnesota Municipal Utilities Association, and the Minnesota Association of School Administrators.

History: *1Sp2003 c 1 art 2 s 16*

6.79 STATE MANDATES.

A county, town, school district, or statutory or home rule charter city may file a written resolution with the state auditor objecting to a state mandate or making recommendations for reforming a state mandate. The state auditor must list on the state auditor's website a list of all state mandates cited in a resolution under this section, and the name of the unit of local government citing the mandate.

History: *2005 c 156 art 2 s 3*

6.80 RULE AND LAW WAIVER REQUESTS.

Subdivision 1. **Generally.** (a) A local government unit may request the state auditor to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the state auditor, the governing body of the local government unit must approve, in concept, the proposed waiver or exemption at a meeting required to be public under chapter 13D. A local government unit or two or more units acting jointly may apply for a waiver or exemption on behalf of a nonprofit organization providing services to clients whose costs are paid by the unit or units. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all the organization's clients.

(b) Before petitioning the state auditor's office for an exemption from an administrative rule, the petitioner must have requested and been denied such an exemption from the appropriate agency pursuant to sections 14.055 and 14.056.

Subd. 2. **Application.** A local government unit requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the state auditor. The application must include:

(1) the name and address of the entity for whom a waiver of a rule or exemption from enforcement of a law is being requested;

(2) identification of the service or program at issue;

(3) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought;

(4) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome, and why that outcome cannot be accomplished under established rules or laws;

(5) information on the state auditor's office treatment on similar cases;

(6) the name, address, and telephone number of any person, business, or other government unit the petitioner knows would be adversely affected by the grant of the petition; and

(7) a signed statement as to the accuracy of the facts presented.

A copy of the application must be provided by the requesting local government unit to the exclusive representative certified under section 179A.12 to represent employees who provide the service or program affected by the requested waiver or exemption.

Subd. 3. **Review process.** (a) Upon receipt of an application from a local government unit, the state auditor shall review the application. The state auditor shall dismiss an application if the application proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them.

(b) The state auditor shall determine whether a law from which an exemption for enforcement is sought is a procedural law, specifying how a local government unit is to achieve an outcome, rather than a substantive law prescribing the outcome or otherwise establishing policy. For the purposes of this section, "procedural law" does not include a statutory notice requirement. In making the determination, the state auditor shall consider whether the law specifies such requirements as:

(1) who must deliver a service;

(2) where the service must be delivered;

(3) to whom and in what form reports regarding the service must be made; and

(4) how long or how often the service must be made available to a given recipient.

(c) If the application requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the Metropolitan Council or a metropolitan agency has jurisdiction, the state auditor shall also transmit a copy of the application to the council or applicable metropolitan agency, whichever has jurisdiction, for review and comment. The council or agency shall report its comments to the

board within 60 days of the date the application was transmitted to the council or agency. The council or agency may point out any resources or technical assistance it may be able to provide a local government unit submitting a request under this section.

(d) Within 15 days after receipt of the application, the state auditor shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the state auditor shall transmit a copy of the application to the attorney general. The agency shall inform the state auditor of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. An agency's failure to do so is considered agreement to the waiver or exemption. The state auditor shall decide whether to grant a waiver or exemption at the end of the 60-day response period. Interested persons may submit written comments to the state auditor on the waiver or exemption request up to the end of the 60-day response period.

(e) If the exclusive representative of the affected employees of the requesting local government unit objects to the waiver or exemption request it may inform the state auditor of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. **Hearing.** If a state agency under subdivision 3, paragraph (d), or the exclusive representative of the affected employees under subdivision 3, paragraph (e), has objected to a waiver or exemption request, the state auditor's office shall set a date for a hearing on the applications. The hearing must be conducted informally at a time and place determined by all parties. Persons representing the local government unit shall present their case for the waiver or exemption, and persons representing the agency or the exclusive representative of the affected employees shall explain their objection to it. The state auditor may request additional information from the local government unit or either objecting party. The state auditor may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If necessary, the hearing may be continued for a later date. The state auditor may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. **Conditions of agreements.** (a) In determining whether to grant a petition for a waiver of a rule or exemption from enforcement of a law, the state auditor should consider the following factors:

(1) whether there is a true and unique impediment under current law to accomplishing the goal of the local government unit;

(2) granting the waiver of a rule or exemption from enforcement of law will only change procedural requirements of a local government unit;

(3) the purpose of any rule or law that is waived is still being met in another manner;

(4) granting the proposed waiver of a rule or exemption from enforcement of a law would result in a more efficient means of providing government services; and

(5) granting the proposed waiver will not have a significant negative impact on other state government, local government units, businesses, or citizens.

(b) If the state auditor grants a request for a waiver or exemption, the state auditor and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes, the reasons why the desired

outcomes cannot be met under current laws or rules, and the means of measurement by which the state auditor will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption. The duration of a waiver from an administrative rule may be for no less than two years and no more than four years, subject to renewal if both parties agree. An exemption from enforcement of a law terminates ten days after adjournment of the regular legislative session held during the calendar year following the year when the exemption is granted, unless the legislature has acted to extend or make permanent the exemption.

(c) The state auditor must report any grants of waivers or exemptions to the legislature, including the chairs of the governmental operations and appropriate policy committees in the house of representatives and senate, and the governor within 30 days.

(d) The state auditor may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.055. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The state auditor may require periodic reports from the local government unit, or conduct investigations of the service or program.

Subd. 6. **Enforcement.** If the state auditor finds that the local government unit is failing to comply with the terms of the agreement under subdivision 5, the state auditor may rescind the agreement. Upon the rescission, the local unit of government becomes subject to the rules and laws covered by the agreement.

Subd. 7. **Access to data.** If a local government unit, through a cooperative program under this section, gains access to data collected, created, received, or maintained by another local government that is classified as not public, the unit gaining access is governed by the same restrictions on access to and use of the data as the unit that collected, created, received, or maintained the data.

History: *2005 c 156 art 2 s 4; 2018 c 182 art 1 s 2*

6.81 [Repealed, 2014 c 286 art 1 s 5]

6.90 MS 2018 [Expired, 2010 c 389 art 2 s 1]

6.91 LOCAL PERFORMANCE MEASUREMENT AND REPORTING.

Subdivision 1. **Reports of local performance measures.** (a) A county or city that elects to participate in the standard measures program must report its results to its citizens annually through publication, direct mailing, posting on the jurisdiction's website, or through a public hearing at which the budget and levy will be discussed and public input allowed.

(b) Each year, jurisdictions participating in the local performance measurement and improvement program must file a report with the state auditor by July 1, in a form prescribed by the auditor. All reports must include a declaration that the jurisdiction has complied with, or will have complied with by the end of the year, the requirement in paragraph (a). For jurisdictions participating in the standard measures program, the report shall consist of the jurisdiction's results for the standard set of performance measures under section 6.90, subdivision 2, paragraph (a). In 2012, jurisdictions participating in the comprehensive performance measurement program must submit a resolution approved by its local governing body indicating that it either has implemented or is in the process of implementing a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b). In 2013 and thereafter, jurisdictions participating in the comprehensive performance measurement program must submit a statement approved by its local governing body affirming that it has implemented a local performance

measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b).

Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in the standard measures program for 2011 is: (1) eligible for per capita reimbursement of $0.14 per capita, but not to exceed $25,000 for any government entity; and (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits are in effect.

(b) Any county or city that elects to participate in the standard measures program for 2012 is eligible for per capita reimbursement of $0.14 per capita, but not to exceed $25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2013 if levy limits are in effect.

(c) Any county or city that elects to participate in the standard measures program for 2013 or any year thereafter is eligible for per capita reimbursement of $0.14 per capita, but not to exceed $25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program for 2013 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if levy limits are in effect.

Subd. 3. **Certification of participation.** (a) The state auditor shall certify to the commissioner of revenue by August 1 of each year the counties and cities that are participating in the standard measures program and the comprehensive performance measurement program.

(b) The commissioner of revenue shall make per capita aid payments under this section on the second payment date specified in section 477A.015, in the same year that the measurements were reported.

(c) The commissioner of revenue shall notify each county and city that is entitled to exemption from levy limits by August 10 of each levy year.

Subd. 4. **Appropriation.** The amount necessary to fund obligations under subdivision 2 is annually appropriated from the general fund to the commissioner of revenue.

History: *2010 c 389 art 2 s 2; 2023 c 62 art 1 s 49*

6.92 LITIGATION EXPENSES; LEGISLATIVE REPORT.

The state auditor must report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the Office of the State Auditor by July 1, 2017, and January 1, 2018, and each January 1 thereafter, on the state auditor's expenses in preparing or asserting a civil claim or appeal, or in defending against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally authorized core functions. The report must list each lawsuit the state auditor has brought or is defending, the grounds for each suit, the litigation expenses incurred since the previous report under this section, and the projected expenses to complete the suit.

History: *1Sp2017 c 4 art 2 s 14*

6.93 EXPENSES OF STATE AUDITOR-ELECT.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined have the meanings given them.

(b) "State auditor-elect" means the person who is not currently state auditor and is the apparent successful candidate for the Office of State Auditor following a general election.

(c) "Commissioner" means the commissioner of the Department of Management and Budget.

Subd. 2. **Transition expenses.** In the fiscal year of an election for state auditor and subject to availability of funds, the commissioner shall transfer up to $25,000 from the general contingent account in the general fund to the Department of Management and Budget. This transfer is subject to the review and advice of the Legislative Advisory Commission pursuant to section 3.30. In consultation with the state auditor-elect, the commissioner shall use the transferred funds to pay expenses of the state auditor-elect associated with preparing for the assumption of official duties as state auditor. The commissioner may use the transferred funds for expenses necessary and prudent for establishment of a transition office prior to the election and for dissolution of the office if the incumbent state auditor is reelected or after the inauguration of a new state auditor. Expenses of the state auditor-elect may include suitable office space and equipment, communications and technology support, consulting services, compensation and travel costs, and other reasonable expenses. Compensation rates for temporary employees hired to support the state auditor-elect and rates paid for consulting services for the state auditor-elect shall be determined by the state auditor-elect.

Subd. 3. **Unused funds.** No new obligations shall be incurred for expenses of the state auditor-elect after the date of the inauguration. By March 31 of the year of the inauguration, the commissioner shall return to the general contingent account any funds transferred under this section that the commissioner determines are not needed to pay expenses of the state auditor-elect.

History: *2025 c 39 art 7 s 2*