

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 564

(SENATE AUTHORS: HAUSCHILD)

DATE
01/23/2025

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161

Introduction and first reading
Referred to State and Local Government

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to local government; raising the revenue threshold requiring cities to

1.3 perform annual audits; amending Minnesota Statutes 2024, section 412.591,

1.4 subdivision 3.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 412.591, subdivision 3, is amended to read:

1.7 Subd. 3. **Audit standards if combined.** (a) If the offices of clerk and treasurer are

1.8 combined as provided by this section, and the city's annual revenue for all governmental

1.9 and enterprise funds combined is more than the amount in paragraph (b), the council shall

1.10 provide for an annual audit of the city's financial affairs by the state auditor or a certified

1.11 public accountant in accordance with minimum procedures prescribed by the state auditor.

1.12 If the offices of clerk and treasurer are combined and the city's annual revenue for all

1.13 governmental and enterprise funds combined is the amount in paragraph (b), or less, the

1.14 council shall provide for an audit of the city's financial affairs by the state auditor or a

1.15 certified public accountant in accordance with minimum audit procedures prescribed by the

1.16 state auditor at least once every five years, which audit shall be for a one-year period to be

1.17 determined at random by the person conducting the audit.

1.18 (b) For the purposes of paragraph (a), the amount in ~~2004~~ 2025 is ~~\$150,000~~ \$500,000,

1.19 and ~~in 2005 and after, \$150,000 is adjusted annually thereafter~~ for inflation using the annual

1.20 implicit price deflator for state and local expenditures as published by the United States

1.21 Department of Commerce.

1.22 **EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to audits

1.23 performed for 2026 and thereafter.