



2025 Legislative Overview

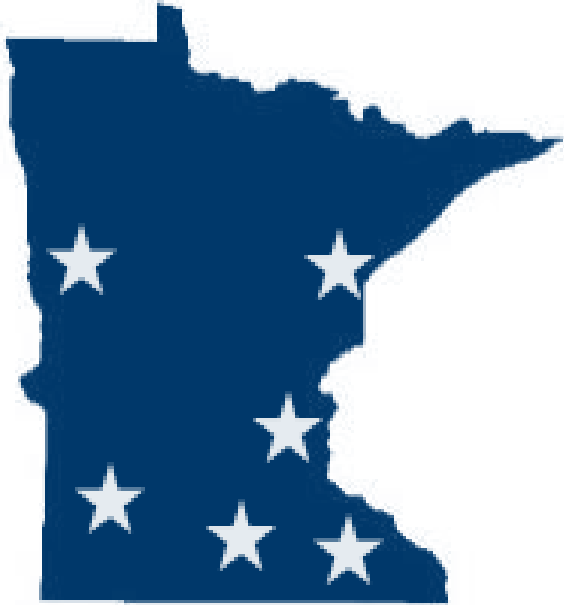
Minnesota State Auditor Julie Blaha
and OSA Operations Division Director
Matt Lindemann

AGENDA

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



WHAT WE DO



Fiscal Oversight

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



WHAT WE DO



Examinations

- Audits
- Legal Compliance
- Investigations



Support

- Training
- Accounting Tools
- One on One



Analysis

- Collect Data
- Reports
- Comparison Tools



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



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



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



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



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



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



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



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



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



WHAT WE'VE DONE



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 2023 Auditing and Reporting Requirements

Thresholds				Attributes						
Entity Type	Sub Type or Population Size	Sub Type or Revenue	Clerk - Treasurer Structure	Revenue	Accounting Basis	Reporting	Frequency	Deadline	Fiscal Year End	Minnesota Statute
County (87)					GAAP	Financial Audit	Annual	November 1	Varies	\$ 375.17, \$ 6,481, \$ 6.74
Special District (615)	Stand Alone Unit (615*)	Not a watershed district, soil and water conservation district, or management org (448)		Revenues under \$274,000 (137)	Cash	Unaudited financial statements, AUP	Statements: annually AUP: every 5 years	180 days from fiscal year end	Varies	\$ 6.756
				Revenues over \$274,000 (246)	Cash	Financial Audit	Annual	180 days from fiscal year end	Varies	\$ 6.756
		Soil and Water Conservation District (97)			Cash	Financial Audit	Annual	October 31	Varies	\$ 103C.325, MOU between OSA & BWS
			Watershed District (45)			Cash	Financial Audit	Annual	120 days from fiscal year end	Varies
	Watershed Management Org (25)			Cash	Financial Audit	Annual	120 days from fiscal year end	Varies	\$ 103B.227, \$ 6.756, 8410.0150	
Component Unit (97)					Based on	Based on	Based on	Based on	Based on	Based on
City (854)	Population under 2500 (617)	Separate Clerk and Treasurer (231)								
		Combined Clerk and Treasurer (386)			Revenues under \$274,000 (70)	Revenues over \$274,000 (326)				
Population over 2500 (236)										
Town (1779)	Population under 2500 (1736)	Separate Clerk and Treasurer (1595)								
		Combined Clerk and Treasurer (141)			Revenues under \$274,000 (90)	Revenues over \$274,000 (28)				
	Population over 2500 (43)	Revenues under \$1,223,000 (19)	Separate Clerk and Treasurer (18)	Revenues under \$274,000 (1)						
			Combined Clerk and Treasurer (1)	Revenues over \$274,000 (1)						
Revenues over \$1,223,000 (24)										
Schools (576)	School Districts and Charter Schools (510)									
	Other Districts (66)									



City Threshold

Filters

Revenue Range

\$72,895,888

\$1,492,546,166

Population Range

8

348,946

Total Revenue of Selected

\$4,868,099,1

Total Population of Selected

1,050,075



City Threshold Calculator

Filters

Revenue Range

\$72,895,888 \$1,492,546,166

Population Range

8 348,946

Clerk / Treasurer Structure

☐ Combined
☒ Separate

Basis of Accounting

☐ GAAP

Total Revenue of Selection

\$4,868,099,156

Total Population of Selection

1,958,879

Number of Cities in Selection

33
Number of Cities

Portion of All MN Cities Revenue

41.31%

Portion of All MN Cities Population

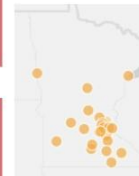
40.52%

Portion of MN Cities

3.86%

Selected Entities

Anoka
Apple Valley
Austin
Blaine
Bloomington
Brainerd
Dorset Hills



Esri, TomTom. Powered by Esri

Minnesota Local Government Reporting and Audits Survey

* Required

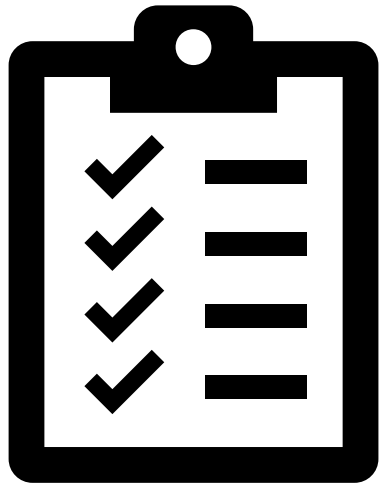
1. Which type of entity are you representing in this survey? *

- ☐ County
☐ Town
☐ City
☐ School District or Charter School
☐ Special District
☐ Other

2. Please enter the name of your entity: *



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



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



WHAT WE DO NEXT



Operating Adjustment

- Continues current work



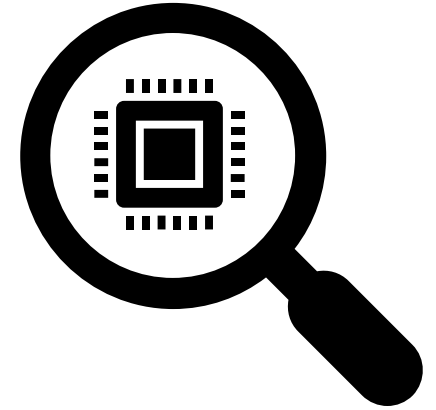
Data Warehouse

- 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



WHAT WE DO NEXT



Operating Adjustment

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



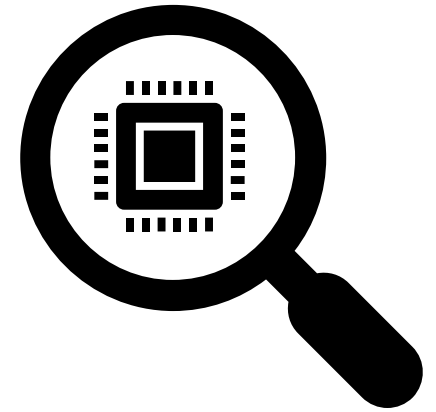
Data Warehouse

- 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



WHAT WE DO NEXT



Funding Priorities

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





State Auditor Julie Blaha
651-202-1996
State.Auditor@osa.state.mn.us
www.osa.state.mn.us