

# HOUSE RESEARCH

## Bill Summary

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### Overview

Section 1 defines "political subdivision" and "special district" for purposes of the laws governing the State Auditor. Most of the other sections make conforming changes related to the new general definition of political subdivision. Section 19 contains some new requirements that apply to special districts.

#### Section

- 1** **Definitions.** Defines "political subdivision" for purposes of Minnesota Statutes, chapter 6, governing the state auditor. Political subdivision is defined to mean a county, home rule charter or statutory city, town, school district, metropolitan or regional agency, public corporation, political subdivision or special district. Excludes from the definition agencies audited by the legislative auditor (e.g., Metropolitan Airports Commission, Metropolitan Sports Facilities Commission, and Metropolitan Mosquito Control Commission). Also, defines "special district."
- 2** **Accounting and budgeting systems.** Substitutes the term "political subdivision" for "local units of government." Strikes language relating to forms for order and warrant checks.
- 3** **Other political subdivisions.** Substitutes the term "political subdivision" for a list of local government units in a section dealing with examination of accounts. In this section and many other sections of the bill, the current law refers specifically only to some types of local government units. With the new definition of "political subdivision" the law will now specifically cover all of the entities included in the definition of political subdivision.
- 4** **Examination pursuant to petition.** Substitutes the term "political subdivision" for a reference to cities and counties in a law allowing voters to petition the state auditor to

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- 5 examine records. Maintains the current law provisions governing towns and school districts.  
**Examination pursuant to resolution.** Substitutes the term "political subdivision" for a list of local government units in a section allowing a governing body to petition the state auditor to examine records.
- 6 **Examination of grantees and contractors.** Substitutes the term "political subdivision" for a reference to local government in a law dealing with examination of records of contractors and grantees.
- 7 **Cost of examination.** Substitutes the term "political subdivision" for a list of local government units in the section dealing with costs of examinations.
- 8 **Claim for cost of examination.** Substitutes the term "political subdivision" for a list of local government units in the section dealing with disputes over costs of examinations.
- 9 **Certification of amount due.** Substitutes the term "political subdivision" for a list of local government units in the section dealing with certifying amounts due to the state.
- 10 **Cost of postaudit.** Substitutes the term "political subdivision" for a list of local units in the law dealing with the cost of postaudits.
- 11 **Application.** Inserts a reference to the new definitions section in a law dealing with costs of examinations.
- 12 **Cooperation with public accountants.** Substitutes the term "political subdivision" for a list of local units in the law dealing with cooperation with public accountants.
- 13 **Minimum procedures for auditors.** Substitutes the term "political subdivision" for a list of local units in the law dealing with the minimum scope of audits.
- 14 **Practices of public accountants.** Substitutes the term "political subdivision" for a list of local units in the law dealing with audits that may be performed by public accountants.
- 15 **Public accountants; evidence of misconduct.** Substitutes the term "political subdivision" for a list of local units in the law dealing with a public accountant finding evidence of misconduct.
- 16 **State auditor may assist public accountant.** Substitutes the term "political subdivision" for a list of local units in the law dealing with the state auditor assisting a public accountant.
- 17 **Access to reports.** Substitutes the term "political subdivision" for a list of local units in the law dealing with shared access to records between the state auditor and public accountants.
- 18 **Scope of auditor's investigation.** Substitutes the term "political subdivision" for a list of local units in the law dealing with the scope of a public accountant's investigation
- 19 **Special districts; information to be filed with state auditor.**

**Subd. 1. Governance documents must be filed.** Requires a special district to file with the state auditor, within 60 days of adoption, any document relating to governance of the district.

**Subd. 2. Audit requirements.** Requires special districts with annual revenues of more than \$150,000 (adjusted in the future for inflation) to provide for an annual audit by the state auditor or a public accountant. Requires a special district with less revenue to have an audit at least once every five years. Requires a small special district to prepare a financial statement in years in which the district is not audited. This subdivision does not apply to a special district subject to auditing and reporting requirements under other law.

**Subd. 3. Presentation to governing board; state auditor.** Requires financial statements and audits to be presented to the governing board and filed with the state

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auditor within 180 days after the end of the district's fiscal year.

- 20 Expenditures for lobbyists.** Substitutes the term "political subdivision" for a list of local units in the law requiring reporting of expenditures for lobbyists.
- 21 Annual audit.** In law governing watershed districts, strikes language that appears obsolete because it references audits by public accountants who are not certified public accountants.
- 22 Repealer.** Repeals the current definition of political subdivision used in the law governing costs of examinations.