Office of the State Auditor
Overview

State Government Finance
and Veterans Affairs Committee
February 13, 2013

Rebecca Otto
State Auditor

Mission

➢ The Office of the State Auditor provides oversight for over $20 billion in spending per year by over 3,300 local governments
“Show Me the Money”

- We are the only entity that collects, reviews and maintains long-term comparable financial data on over 3,300 units of local government
- Data used by taxpayers, legislature, governor, media, researchers, State agencies, and more
- Transparency and accountability for taxpayers
### Comparison Tools

The tools listed below will allow you to search for revenue and expenditure data by town, cities, and counties. The information available includes revenue and expenditure categories, with the total amounts, per capita amounts, and ranking. The tools also allow you to compare information for the same entity for two different years, to compare two entities to a similar type of entity:

- Town Financial Data Search and Comparison
- City Financial Data Search and Comparison
- County Financial Data Search and Comparison

School District Data is available on the Minnesota Department of Education Website.

### Practice Tables

**SPECIAL NOTE ABOUT RANK:** The rank is based on the per capita amount. A rank of one means the highest dollar amount. Rankings are broken up between cities above 2000 in population (large cities) and those below 2000 in population (small cities). For example, 5 stars are 1.0; 1 star is 0.1. Ranks with two decimal places differ by 1/10. N/A means the data is unavailable, or does not apply.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Capita</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Tax (2003)</td>
<td>$5,041,451</td>
<td>$1,330.21</td>
<td>82 of 225</td>
</tr>
<tr>
<td>Net Tax Levy</td>
<td>$3,182,811</td>
<td>$344.48</td>
<td>135 of 225</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$3,072,855</td>
<td>$392.68</td>
<td>136 of 225</td>
</tr>
<tr>
<td>Financial Taxes</td>
<td>$447,267</td>
<td>$6.00</td>
<td>114 of 178</td>
</tr>
<tr>
<td>Grafting Taxes</td>
<td>$0</td>
<td>$0.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Gross Gifts</td>
<td>$0</td>
<td>$0.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Interest/Investments/Earnings</td>
<td>$20</td>
<td>$0.26</td>
<td>5 of 24</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>$41,117,225</td>
<td>$519.69</td>
<td>5 of 24</td>
</tr>
<tr>
<td>Tax Increment</td>
<td>$30,000</td>
<td>$0.00</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$41,630,506</td>
<td>$529.00</td>
<td>3 of 24</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Assessments</td>
<td>$779,057</td>
<td>$102.03</td>
<td>66 of 225</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>$25,035</td>
<td>$2.56</td>
<td>46 of 205</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>$6,032</td>
<td>$0.47</td>
<td>31 of 165</td>
</tr>
<tr>
<td>State Grants</td>
<td>$1,013,316</td>
<td>$128.42</td>
<td>122 of 225</td>
</tr>
<tr>
<td>Local Grants</td>
<td>$22</td>
<td>$0.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Government Expenditures</td>
<td>$6,246,194</td>
<td>$735.64</td>
<td>186 of 205</td>
</tr>
<tr>
<td>Changes for Services</td>
<td>$152,907</td>
<td>$20.66</td>
<td>192 of 225</td>
</tr>
<tr>
<td>Finances and Forfeitures</td>
<td>$30,381</td>
<td>$3.81</td>
<td>120 of 218</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>$14,885</td>
<td>$1.84</td>
<td>144 of 223</td>
</tr>
<tr>
<td>All Other Revenues</td>
<td>$5,176</td>
<td>$0.68</td>
<td>203 of 225</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$6,667,496</td>
<td>$815.54</td>
<td>186 of 205</td>
</tr>
<tr>
<td>Total Donating</td>
<td>$3,140,268</td>
<td>$423.32</td>
<td>27 of 140</td>
</tr>
</tbody>
</table>
"Follow the Money"

- We receive reports on alleged misuse/theft of public funds:
  - 609.456 reporting
    - Local officials must report evidence of theft or misuse of public funds
  - 6.67 reporting
    - Private CPA firms auditing local governments are required to report evidence of theft or misuse of public funds
  - Taxpayers report alleged theft or misuse of public funds

- We serve as a deterrent to theft/misuse of public funds by:
  - Conducting investigations
  - Assisting law enforcement/others with investigations
  - Training/educating local officials to prevent/detect fraud
  - Referring cases to County Attorneys for possible criminal proceedings
"Follow the Money"

Table of Contents

Introduction
Summary of Special Investigations Resulting in Criminal Charges
- St. Paul Public Schools - Independent School District # 625 (Restitution of $86,875.82) (pg. 3).
- Aitkin County Planning and Zoning Department (Charges pending) (pg. 3).
- Norman County East Independent School District # 2215 (Restitution amount yet to be determined) (pg. 3).
- City of Hinckley (Restitution of $18,460.66) (pg. 4).
- Koochiching Economic Development Authority (KEDA) (Civil Judgment of $541,742.40) (pg. 4).
- Winnebago Firemen's Relief Association (Restitution of $2,987.00) (pg. 4).

Give us the Money?

- We certify eligible cities for State local government aid
- Accountability to State: aid received if requirements are met
  - Audit
  - Reporting requirement
- Important source of revenue for many cities
Give us the Money?

- We certify Volunteer Fire Relief Associations for fire state aid
- Accountability to State: aid received if requirements are met
  - Audit
  - Reporting requirement, compliance
- Safeguard pensions, provide transparency
- Support our cost-effective volunteer statewide firefighting system

Community Development

- Tax Increment Financing (TIF) is a tool created to help local development occur
  - Housing, economic development, redevelopment, and much more
- We oversee the use of TIF to help ensure that:
  - It’s used in compliance with state law
  - Districts are decertified in a timely manner and taxable value is returned to property tax base
  - Any excess increments collected are returned to property tax stream
"Audit the Money"

- We conduct annual financial and compliance audits, including the Single Audit
- We audit local governments receiving large amounts of State revenue to protect the State’s and taxpayers’ interests
  - Audited financial statements are used by taxpayers, bond holders, rating agencies, and more
  - Single Audits are used by federal and State departments for consideration when awarding grants and funds to local governments

Budget
FY 2014-15 Base Budget: 
**Expenditures by Cost Group**

Personnel 88.5%

The State Auditor's Office is people.

FY 2014-15 Base Budget: 
**Where the money is spent**

Audit Practice 66.5%

Operations Management 8.7%

Legal/Special Investigations 4.4%

Government Information 6.5%

Pension 4.8%

Constitutional Office 3.0%

Tax Increment Financing 7.2%

JORBZ 0.8%
**FY 2014-15 Base Budget:**

*Over 80% recovered by fees/reimbursements*

- TIF Enforcement Revenue: $1,242,000
- Estimated Net General Fund Expenditures: $3,422,000
- Estimated Revenue/Cost Recovery: $13,856,020

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**FY 2014-15 Base Budget**

<table>
<thead>
<tr>
<th>Base Budget by Division</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>2014-15 Biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Practice</td>
<td>6,087</td>
<td>6,097</td>
<td>12,194</td>
</tr>
<tr>
<td>Legal/Special Investigations</td>
<td>404</td>
<td>435</td>
<td>839</td>
</tr>
<tr>
<td>Government Information</td>
<td>517</td>
<td>510</td>
<td>1,027</td>
</tr>
<tr>
<td>Pension</td>
<td>441</td>
<td>450</td>
<td>891</td>
</tr>
<tr>
<td>Operations Management</td>
<td>842</td>
<td>769</td>
<td>1,611</td>
</tr>
<tr>
<td>Constitutional Office</td>
<td>258</td>
<td>298</td>
<td>556</td>
</tr>
<tr>
<td>JOBZ</td>
<td>78</td>
<td>78</td>
<td>156</td>
</tr>
<tr>
<td><strong>Total Direct General Fund Appropriation</strong></td>
<td>8,637</td>
<td>8,637</td>
<td>17,274</td>
</tr>
<tr>
<td>Performance Measurement Statutory Appropriation</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Tax Increment Financing Statutory Appropriation</td>
<td>650</td>
<td>692</td>
<td>1,342</td>
</tr>
<tr>
<td><strong>Total General Fund Appropriation</strong></td>
<td>9,289</td>
<td>9,331</td>
<td>18,620</td>
</tr>
</tbody>
</table>
Proposed FY 2014-15 Change Items

- Transfer of JOBZ and Dairy Council Oversight
- CTAS user fees and special account
- Enterprise Fund for Audit Division
- Staff Retention (not included in Governor's budget)

Proposed FY 2014-15 Change Item Not Being Pursued

- Pension software purchase