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Mission:

The mission of the Office of the State Auditor (Office) is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Statewide Outcome(s):

State Auditor supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The State Auditor is a statewide elected independent constitutional officer. The Office, established by the State Constitution when the state was formed, serves a core function in government: to provide transparency and accountability of local government finances. The Office has the legal authority to act in the public's best interest, and to oversee the finances of 4,300 units of local government. Its presence serves as a deterrent to misuse of public funds. The Office is the one place the public can call to report a concern about possible misuse of public funds in their community, to petition for an audit of their local government's finances, and to find long-term comprehensive financial data about their community. The Office's legal authority to act in the public's best interest, combined with its special expertise in local government finance, instills in taxpayers and other stakeholders confidence in local government finances.

The Office is the sole source of comprehensive, comparable data on local government finances. That data is used by State and local policymakers to make important decisions that affect the quality of life in our communities. The data is also used by the media to hold local governments accountable and by the public to make informed decisions about its government.

Strategies:

- Auditing, reviewing, educating, investigating, and reporting on over $20 billion in taxpayer dollars spent at the local level;
- Recruiting and retaining a highly professional, experienced staff to provide effective oversight;
- Leveraging the extensive knowledge of local government finance and accounting expertise of all OSA divisions (Audit, Legal, Investigations, Government Information, Tax Increment Financing and Pension) to more effectively and efficiently provide oversight;
- Expending resources to meet the Office's statutory requirements, then prioritizing expenditures that increase efficiency for both OSA staff and local government officials, offer transparency of local government finances, and provide data integrity; and
- Increasing integrity of financial data by requiring electronic reporting.

Measuring Success:

The data the Office uses to measure success is specific for each division, and is contained in the Division Budget Narratives.

State Auditor
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$17,130	$1,335		$18,465
Current Law Expenditures (FY 2014-15)	$17,279	$1,446		$18,724
Governor's Recommended Expenditures (FY2014-15)	$4,002	$14,877		$18,878
$ Change from FY 2014-15 Current Law to Governor's Rec	(13,277)	$13,431		$154
% Change from FY 2014-15 Current Law to Governor's Rec	(77%)	929%		1%

State Auditor
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$2,413		$2,413
REVENUE		$13,535		$13,535
TRANSFERS IN	$183	$1,600		$1,783
APPROPRIATION	$4,001	$0		$4,001
SOURCES OF FUNDS	**$4,184**	**$17,548**		**$21,732**
BALANCE FORWARD OUT		$2,671		$2,671
TRANSFERS OUT	$183			$183
EXPENDITURES	$4,002	$14,877		$18,878
PAYROLL EXPENSE	$3,117	$7,616		$10,733
OPERATING EXPENSES	$758	$7,249		$8,007
OTHER FINANCIAL TRANSACTIONS	$10			$10
CAPITAL OUTLAY-REAL PROPERTY	$117	$12		$129
USES OF FUNDS	**$4,185**	**$17,548**		**$21,732**

State Auditor

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium

Audit Practice Enterprise Fund

The Governor recommends establishing an enterprise fund that would be used for the costs of auditing local governments. All fees paid by the local governments for the State Auditor's audit services would also be deposited in this fund. Currently, the State Auditor receives an appropriation for these responsibilities, and fees collected from local entities for audit services are deposited as non-dedicated receipts in the general fund.

Performance Measures:
All audit costs will continue to be recovered by related audit fees. Any receipts collected in excess of audit costs will be used to stabilize future audit rates for the benefit of audit clients.

General Fund	Expenditure	(6,586)	(6,535)	(13,122)	(6,535)	(6,537)	(13,072)
General Fund	Revenue	(6,586)	(6,535)	(13,122)	(6,535)	(6,537)	(13,072)
Other Funds	Expenditure	6,586	6,535	13,122	6,535	6,537	13,072
Other Funds	Revenue	6,586	6,535	13,122	6,535	6,537	13,072
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**

Rewrite the Small Cities and Towns Accounting System (CTAS) Software

The Governor recommends authorizing the State Auditor to collect from local governments the costs to update the small cities and towns accounting software that it supports, which is used by about 1,300 small cities and towns. The Governor also recommends authorizing any excess recoveries to balance forward to the next biennium for future upgrades to the software.

Performance Measures:
The CTAS software is reprogrammed using a modern programming language such as C#.NET. This will allow CTAS to work on newer operating systems such as Windows 7. The rewrite will allow for faster resolution of problems/bugs as they are discovered.

Other Funds	Expenditure	300	10	310	10	10	20
Other Funds	Revenue	300	10	310	10	10	20
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**

Move JOBZ Oversight

The Governor recommends a reduction of $156,000 to the State Auditor's funding for oversight responsibilities related to the operation of job opportunity building zones (JOBZ). The State Auditor is charged with overseeing financial activities of local governments, and the JOBZ program is no longer administered at the local level. The program is administered now by a state agency, the Department of Employment and Economic Development.

Performance Measures:
This proposal provides savings to the overall budget solution through reduced expenditures.

General Fund	Expenditure	(78)	(78)	(156)	(78)	(78)	(156)
	Net Change	**(78)**	**(78)**	**(156)**	**(78)**	**(78)**	**(156)**

State Auditor

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
Net All Change Items	General Fund	(78)	(78)	(156)	(78)	(78)	(156)
	Other Funds	0	0	0	0	0	0
	Net Change	**(78)**	**(78)**	**(156)**	**(78)**	**(78)**	**(156)**

State Auditor
All Funds FTE by Activity

Activity	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Budget Activity: Audit Practice	70.8	62.6	62.6
Budget Activity: Legal/Special Investigations	3.6	3.6	3.6
Budget Activity: Government Information	7.4	6.6	6.6
Budget Activity: Pension	6.3	5.3	5.3
Budget Activity: Operations Management	6.3	6.3	5.3
Budget Activity: Constitutional Office	2.0	2.0	2.0
Budget Activity: Tax Increment Financing	6.2	6.2	6.2
State Auditor	102.5	92.5	91.5

State Auditor
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	0			0
	Subtotal	0			0
Dedicated	DEPARTMENTAL EARNINGS		13,431		13,431
	ALL OTHER		104		104
	Subtotal		13,535		13,535
	Total	**0**	**13,535**		**13,535**

State Auditor
Audit Practice Division

http://www.auditor.state.mn.us

Statewide Outcome(s):

The Audit Practice Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division has the legal authority to act in the public's best interest in auditing local government finances, including counties, first-class cities, and other political subdivisions of the State. The Division acts not for profit, but for the public and the public's best interest. The audits provide transparency and accountability to the taxpayers, the State of Minnesota, federal agencies, and other stakeholders. The Division provides professional, unbiased, objective assessments of whether public resources are responsibly managed, appropriately reported, and administered in compliance with laws and regulations. For local governments that are not audited annually by the Office of the State Auditor (OSA), the Division has the authority to use its expertise in the field of governmental auditing and accounting to audit those governments if it is determined that it is in the public's best interest. This unique capability instills in taxpayers and other stakeholders confidence in local government finances. The Division also provides technical accounting and auditing coordination to support the other divisions, promoting efficiency and effectiveness within the OSA.

The Division is funded by a general fund direct appropriation. One hundred percent of the funds supporting the Division's work are recovered through fees for audit services and are deposited into the state's general fund.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm.

Strategies:

The duties of the Division are achieved by:

- Performing financial and compliance audits of local governments under professional standards;
- Providing audits of local governments with the highest level of transparency to the public with clear and accurate results, including recommendations for improvement of internal controls and compliance;
- Performing special request and petition audits focused on specific concerns of citizens and other stakeholders;
- Reviewing audits of local governments performed by certified public accounting (CPA) firms and rotating audits between those performed by the Division and those performed by CPA firms, which serves as the ultimate check and balance for the fundamental accountability of government services. Without this oversight, the system established to promote transparency and accountability would erode over time;
- Sharing the expertise of highly-trained audit professionals both by assisting other divisions within the OSA and by providing training and guidance to others outside the OSA;
- Providing local government staff with the information needed to independently prepare their own financial reports;
- Publishing the Minnesota Legal Compliance Audit Guide, which sets the standard of legal compliance expertise at the highest level for local government auditors;
- Reviewing and compiling single audit data for statewide reporting; and
- Providing an Annual Training for OSA audit staff to maintain a highly-trained staff, inviting local government finance staff to attend one day of the training on emerging compliance and finance issues.

Results:

Between 2010 and 2011, the Division issued an increased number of audits with less staff and on a more timely basis while holding audit rates stable.

Performance Measures	Previous	Current	Trend
1. Peer Review Quality Standards Met	Yes	Yes	Stable
2. Total Number of Audits Issued	128	133	Improving
3. Audits Issued Within 9 Months of Auditee Year-End	76%	82%	Improving
4. Audits Issued Within 12 Months of Auditee Year-End	93%	91%	Stable
5. Available Training Seats Filled by Local Government Staff	100%	100%	Stable

Performance Measures Notes:

1. The OSA participates in the National State Auditor's Association Peer Review Program. Maintenance of an appropriate internal quality control system is essential to performing effective audits that comply with professional standards. The results of the two previous Peer Reviews concluded that the OSA met professional requirements. The Peer Review is performed every three years: the Peer Reviews listed above were performed in 2006 and 2009.
2. The Division's outcomes are largely qualitative in nature, and many performance measures are driven by uncontrollable factors such as the abilities, resources, and preparedness of auditees. "Previous" refers to audits issued in calendar year 2010, and "Current" refers to audits issued in calendar year 2011.
3. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
4. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
5. Refers to the Annual Training provided by the OSA. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

Budget Activity: Audit Practice
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$12,223	$100		$12,323
Current Law Expenditures (FY 2014-15)	$12,195	$104		$12,299
Governor's Recommended Expenditures (FY2014-15)	$27	$13,225		$13,252
$ Change from FY 2014-15 Current Law to Governor's Rec	(12,168)	$13,121		$953
% Change from FY 2014-15 Current Law to Governor's Rec	(100%)	12,616%		8%

Budget Activity: Audit Practice
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$9		$9
REVENUE		$13,225		$13,225
APPROPRIATION	$26	$0		$26
SOURCES OF FUNDS	**$26**	**$13,234**		**$13,260**
BALANCE FORWARD OUT		$9		$9
EXPENDITURES	$27	$13,225		$13,252
PAYROLL EXPENSE	$1	$6,461		$6,462
OPERATING EXPENSES	$24	$6,764		$6,788
CAPITAL OUTLAY-REAL PROPERTY	$2			$2
USES OF FUNDS	**$27**	**$13,234**		**$13,261**

State Auditor
Legal/Special Investigations Division
http://www.auditor.state.mn.us

Statewide Outcome(s):

The Legal/Special Investigations Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division works to ensure that local government funds are used in compliance with state law by over 4,300 units of local government. The work of the Division is relied upon by local governments, members of the public, public- and private-sector auditors, law enforcement, statewide local government associations, and attorneys to help obtain legal compliance in the use of local government funds. The Division uses its specialized financial investigative and legal expertise to respond to questions and concerns received from the public, local government officials and employees, private and public sector auditors, law enforcement, attorneys, and policymakers. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm.

Strategies:

The Division works to increase legal compliance in the use of local government funds by:

- Performing inquiries, reviews, and investigations arising out of concerns received by the Division, and by providing recommendations to local governments based upon the results;
- Responding to the statutorily-mandated reports of possible misuse of public funds to ensure that a thorough investigation has been performed, appropriate referrals to law enforcement have been made, and internal control modifications have been implemented;
- Reviewing city audits performed by CPA firms, and, when warranted, providing follow-up and educational materials to obtain compliance from the city;
- Providing targeted training on legal compliance and on the prevention and detection of fraud to local government officials and employees, private and public sector auditors, and other interested parties;
- Providing legal expertise to all OSA divisions and by conducting legal reviews of all audits performed by the Audit Practice Division;
- Updating and promulgating annually the Minnesota Legal Compliance Audit Guide, which sets the current minimum legal compliance procedures and scope for all local government audits; and
- Researching, revising, and publishing Statements of Position on a variety of topics related to local government finance and publishing weekly Avoiding Pitfalls items in the Auditor's Update and on the web on issues identified by the Division during audits, inquiries, reviews, and investigations.

Results:

The work of the Division improves legal compliance and transparency in the use of local government funds, and serves as a constant deterrent for misuse of public funds.

Performance Measures	Previous	Current	Trend
Views of Avoiding Pitfalls on OSA's Website	26,221	25,777	Stable
Views of Legal/SI Statements of Position on Website	20,100	20,131	Stable
Views of Investigative Reports and Review Letters on Website	10,802	10,110	Stable

Performance Measures Notes:

1. For all measures, "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

2. The number of items viewed on the website for all results above is an incomplete measure because those materials are also used and disseminated on paper by private-sector auditors, statewide local government associations, and others.

Budget Activity: Legal/Special Investigations
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$802			$802
Current Law Expenditures (FY 2014-15)	$838			$838
Governor's Recommended Expenditures (FY2014-15)	$838			$838
$ Change from FY 2014-15 Current Law to Governor's Rec	$0			$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Legal/Special Investigations
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	$1,021			$1,021
SOURCES OF FUNDS	**$1,021**			**$1,021**
TRANSFERS OUT	$183			$183
EXPENDITURES	$838			$838
PAYROLL EXPENSE	$743			$743
OPERATING EXPENSES	$95			$95
USES OF FUNDS	**$1,021**			**$1,021**

State Auditor
Government Information Division
http://www.auditor.state.mn.us

Statewide Outcome(s):

The Government Information Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division is the sole source of comprehensive comparable financial information from over 3,300 local governments. This assists state and local policymakers with policy and spending decisions that have a direct impact on the quality of life in Minnesota. This information also helps the public make informed decisions about its local government. The Division collects and analyzes local government financial data and publishes regular reports provided to the legislature and the public. The Division also conducts Best Practices reviews of local government operations. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm.

Strategies:

The Division works with local governments to collect and analyze their financial information on a timely basis by:

- Responding to local government financial questions;
- Providing electronic reporting forms to improve accuracy and timeliness;
- Providing on-demand online training to help local governments successfully complete electronic reporting forms;
- Maintaining, supporting, and training for the Small Cities and Towns Accounting System (CTAS), software used by over 1,300 small cities and towns throughout the state; and
- Prescribing the chart of accounts and reporting requirements for cities, towns, and special districts.

The Division provides transparency of local government finances to assist the legislature, local government officials, and the public to make informed decisions by:

- Maintaining an extensive database of local government financial data;
- Providing a user-friendly comparison tool of local government financial information for easy access to the database;
- Compiling and issuing ten to 12 annual reports and Best Practices Reviews each year;
- Preparing and compiling customized data for legislative researchers and the media; and
- Conducting special studies as requested by the Legislature.

Results:

The work of the Division is a mature activity within the office and stable performance measures are expected. The ability of the Division to maintain or improve a performance measure is largely influenced by the technical ability of local government financial staff to perform accounting duties and to use technology such as computers, accounting software, and the Internet to meet their financial reporting requirements.

Performance Measures	Previous	Current	Trend
1. CTAS Users Reporting with Exported Files	678	768	Improving
2. Views of Local Government Finance Reports on Website	47,973	52,738	Stable
3. Views of Comparison Tools on Website	12,579	12,230	Stable
4. Local Governments Meeting Reporting Requirements	96.4%	96.7%	Stable

Performance Measures Notes:

1. Users of CTAS who report on a cash basis of accounting can export a file and submit it electronically to meet part of their reporting requirement. The numbers in the table refer to 2009 and 2010, the two most recent years of complete information.
2. “Previous” refers to calendar year 2010, and “Current” refers to calendar year 2011.
3. “Previous” refers to calendar year 2010, and “Current” refers to calendar year 2011.
4. “Previous” refers to reporting year 2009, and “Current” refers to reporting year 2010. Those are the two most recent years with complete information.

Budget Activity: Government Information
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$1,025			$1,025
Current Law Expenditures (FY 2014-15)	$1,032			$1,032
Governor's Recommended Expenditures (FY2014-15)	$1,032	$310		$1,342
$ Change from FY 2014-15 Current Law to Governor's Rec	$0	$310		$310
% Change from FY 2014-15 Current Law to Governor's Rec	0%			30%

Budget Activity: Government Information
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		$310		$310
TRANSFERS IN	$7			$7
APPROPRIATION	$1,025			$1,025
SOURCES OF FUNDS	**$1,032**	**$310**		**$1,342**
EXPENDITURES	$1,032	$310		$1,342
PAYROLL EXPENSE	$921			$921
OPERATING EXPENSES	$111	$310		$421
USES OF FUNDS	**$1,032**	**$310**		**$1,342**

State Auditor
Pension Division
http://www.auditor.state.mn.us

Statewide Outcome(s):

The Pension Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division works to ensure compliance with state laws governing the administration, finances, investments, and pension benefits for 740 volunteer fire and other types of local public pension plans in Minnesota. The Division is the sole source of comprehensive comparable information on these pension plans. The information is used for comparison purposes primarily by pension plan boards and their associated municipalities, and by the legislature to make policy decisions. The Division is the statewide authority on the pension plans and, by managing the reporting processes for the entire system, the Division ensures that consistent approaches, methods, and investment rate-of-return calculations are used. The primary users of the Division's services are pension plan boards, plan members, municipal representatives, auditors, investment professionals, policy makers, and the public. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm.

Strategies:

The Division promotes the consistent interpretation and application of state laws and local pension plan bylaws by:

- Monitoring plan operations and the administration of pension benefits by collecting and reviewing annual reporting forms;
- Issuing Statements of Position and monthly newsletters to inform and educate pension plan trustees;
- Creating and issuing Sample Bylaw Guides for the various types of volunteer fire relief association pension plans to assist them in meeting statutory requirements;
- Publishing an annual Relevant Statutes booklet and summary for use as reference tools to assist with compliance of State law;
- Convening the Volunteer Fire Relief Association Working Group annually to bring together the major volunteer fire stakeholders to identify and discuss pressing pension issues. The Group compiles a Working Group bill that suggests legislative changes to improve the relief association pension system and to clarify its reporting requirements; and
- Suggesting changes to the public pension plan investment authority laws to provide clarity for pension plan trustees, investment advisors, executive directors, and auditors to achieve better compliance.

The Division annually provides user-friendly and timely reports on pension plan finances, investments, and administration. The reports inform the Legislative Commission on Pensions and Retirement on the status of these plans, offer information and recommendations to plan trustees, and provide transparency for the public.

Results:

The annual compliance of fire relief associations with state laws and bylaws is excellent, as evidenced by the percentage of reliefs certified for State Aid shown below.

Performance Measures	Previous	Current	Trend
1. Reliefs Certified as Eligible to Receive State Aid	99.6%	99.6%	Stable
2. Working Group Bills Signed into Law	0	2	Improving
3. Individuals Registered for Monthly Email Newsletter	3,201	3,401	Improving

Performance Measures Notes:

1. “Previous” refers to calendar year 2010, and “Current” refers to calendar year 2011.
2. “Previous” refers to calendar year 2011, and “Current” refers to calendar year 2012. Very few pension-related bills were acted on during the 2011 legislative session. It was the first time the Working Group’s bill was held over from one session to the next.
3. “Previous” refers to calendar year 2010, and “Current” refers to calendar year 2011.

Budget Activity: Pension
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$864			$864
Current Law Expenditures (FY 2014-15)	$891			$891
Governor's Recommended Expenditures (FY2014-15)	$891			$891
$ Change from FY 2014-15 Current Law to Governor's Rec	$0			$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Pension
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	$27			$27
APPROPRIATION	$864			$864
SOURCES OF FUNDS	**$891**			**$891**
EXPENDITURES	$891			$891
PAYROLL EXPENSE	$789			$789
OPERATING EXPENSES	$95			$95
CAPITAL OUTLAY-REAL PROPERTY	$6			$6
USES OF FUNDS	**$891**			**$891**

State Auditor
Operations Management Division
http://www.auditor.state.mn.us

Statewide Outcome(s):

The Operations Management Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division supports all of the activities within the Office of the State Auditor (OSA) by providing the accounting, facilities management, human resources, and technology functions for all divisions in the OSA. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm.

Strategies:

The Division supports all divisions in the office so that each division can pursue identified strategies and achieve desired results by:

- Preparing and maintaining the OSA's biennial budget;
- Processing payroll for approximately 115 employees;
- Preparing purchase orders and paying invoices;
- Billing for and depositing payments for audit services;
- Maintaining furniture and equipment inventory;
- Coordinating the lease renewals for and maintenance of seven offices;
- Managing all the technology needs of the OSA;
- Maintaining an integrated database for all divisions;
- Working with each division to collect, process, and improve electronic reporting forms;
- Providing research and strategic planning support on technology issues;
- Providing network and personal computer installation, support, and maintenance;
- Purchasing common network equipment;
- Coordinating the hiring of employees;
- Educating employees on benefit options; and
- Working to ensure the OSA is in compliance with state bargaining agreements.

Results:

Completing the Division's work for other divisions in a timely manner is affected by staffing levels. The Division will continue to leverage technology to help the OSA perform its work more effectively and efficiently. The Division's ability to further leverage technology to either add enhancements to increase the technical ability of OSA staff or to improve and enhance reporting forms for local government users is again limited by staffing levels.

Performance Measures	Previous	Current	Trend
Log-ins to the State Auditor's Form Entry System (SAFES)	67,806	72,845	Improving

Performance Measures Notes:

1. In 2007, SAFES was created to help local governments transition from paper to electronic reporting. SAFES was designed to securely allow local governments, including cities, towns, counties, special districts, relief associations, and Tax Increment Financing (TIF) authorities, to download and submit electronic reporting forms. The forms are pre-populated with entity-specific information and include error checking to make completing the forms more efficient and effective. SAFES takes information from the forms and imports it into the OSA's integrated databases to streamline reviewing by OSA staff. In addition, the system allows relief associations to electronically sign forms and TIF authorities to submit information about new TIF districts. The numbers presented for SAFES log-ins are for the calendar years 2010 (previous) and 2011 (current).

Budget Activity: Operations Management
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$1,699			$1,699
Current Law Expenditures (FY 2014-15)	$1,767			$1,767
Governor's Recommended Expenditures (FY2014-15)	$658			$658
$ Change from FY 2014-15 Current Law to Governor's Rec	(1,109)			(1,109)
% Change from FY 2014-15 Current Law to Governor's Rec	(63%)			(63%)

Budget Activity: Operations Management
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	$109			$109
APPROPRIATION	$549			$549
SOURCES OF FUNDS	**$658**			**$658**
EXPENDITURES	$658			$658
PAYROLL EXPENSE	$159			$159
OPERATING EXPENSES	$386			$386
OTHER FINANCIAL TRANSACTIONS	$4			$4
CAPITAL OUTLAY-REAL PROPERTY	$109			$109
USES OF FUNDS	**$658**			**$658**

State Auditor
Constitutional Division

http://www.auditor.state.mn.us

Statewide Outcome(s):

The Constitutional Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

State Auditor is an independent constitutional officer elected statewide with specific legal authority to provide oversight of over 4,300 units of local government. The State Auditor oversees $20 billion spent each year to deliver local government services. The Division provides senior-level management and leadership to the Office of the State Auditor (OSA) and supports the State Auditor's service on six state boards and two councils. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm.

Strategies:

The Division accomplishes its goal of providing effective oversight of local government finances by:

- Leveraging the extensive knowledge of local government finance and accounting expertise of all OSA divisions;
- Building and maintaining relationships with local government associations, the Minnesota Society of CPAs, and local officials to proactively address emerging finance and compliance issues;
- Conducting outreach to the public to instill confidence in local government finances;
- Proposing, pursuing, and monitoring legislation that increases accountability of local government finances;
- Working with the media to increase transparency and raise public awareness of local government finances; and
- Attending conferences and trainings to fulfill fiduciary duty for service on state boards.

Results:

The State Auditor received the 2011 League of Minnesota Cities President's Award for "Unwavering Support of Minnesota Local Government in Enhancing Effectiveness, Efficiency and Accountability for all Minnesotans."

Performance Measures	Previous	Current	Trend
Formal Speeches given on OSA Work/Issues	17	16	Stable
Formal Meetings with Legislators/Governor/Groups	29	49	Increasing
Press Clippings on OSA and Local Government Finances	NA	697	NA
National Committees State Auditor Serves On	2	6	Increasing
Conferences/Trainings Attended to Fulfill Fiduciary Duty	2	2	Stable

Performance Measures Notes:

1. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
2. Informal speeches and informal meetings are not reflected in the above numbers.
3. The State Auditor serves on the Executive Committees of the National State Auditor's Association (NSAA) and the National Association of State Auditors, Comptrollers and Treasurers (NASACT), who are focused on accountable and transparent government.

Budget Activity: Constitutional Office
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$517			$517
Current Law Expenditures (FY 2014-15)	$556			$556
Governor's Recommended Expenditures (FY2014-15)	$556			$556
$ Change from FY 2014-15 Current Law to Governor's Rec	$0			$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Constitutional Office
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	$40			$40
APPROPRIATION	$516			$516
SOURCES OF FUNDS	**$556**			**$556**
EXPENDITURES	$556			$556
PAYROLL EXPENSE	$504			$504
OPERATING EXPENSES	$47			$47
OTHER FINANCIAL TRANSACTIONS	$6			$6
USES OF FUNDS	**$556**			**$556**

State Auditor
Tax Increment Financing Division

http://www.auditor.state.mn.us

Statewide Outcome(s):

The Tax Increment Financing Division (Division) supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Efficient and accountable government services.

Context:

The Division works to ensure compliance with the Tax Increment Financing (TIF) Act. The TIF Act was created to help businesses and communities redevelop blighted areas, expand the property tax base, create jobs, construct housing, and assist development where it would not otherwise occur "but for the use of tax increment." The Division works with approximately 2000 TIF districts. The Division is the sole source of comprehensive comparable data on TIF use in the state. Some of this data is used to issue the annual TIF Legislative Report to inform lawmakers and the public on the uses of TIF. The Division's oversight work serves as a deterrent to prevent misuse of tax increment revenues. The Division is funded by a special revenue fund statutory appropriation.

For more information about the Division, please visit http://www.auditor.state.mn.us/whatwedo.htm

Strategies:

The Division works to ensure compliance with the TIF Act by:

- Reviewing financial information submitted annually to the OSA to identify non-compliance, and working to help communities come into compliance;
- Conducting desk reviews and targeted field reviews of TIF districts;
- Educating a broad audience on the TIF Act by issuing Statements of Position, webinars, monthly newsletters and legislative updates, and by responding to requests for information. That audience includes local officials, lawmakers, financial consultants, state agencies, the public and the media;
- Consulting with local government associations, legislative staff and others to identify ambiguities and technical errors in the TIF Act, and assisting with drafting of legislation when needed;
- Consulting with the Department of Revenue when working with cities and counties in the Correction of Errors; and
- Comparing reported data with Department of Revenue data to confirm accuracy.

Results:

Recent upgrades and updates to technology for the Division have allowed staff to find TIF Act compliance issues earlier in the process. The measures below show that the Division is very effective.

Performance Measures	Previous	Current	Trend
1. Non-Compliance Findings Resolved	100%	100%	Stable
2. Annual TIF Reports Filed on Time	96%	97%	Stable
3. TIF Statements of Position Accessed on the Website	2,293	2,889	Improving

Performance Measures Notes:

1. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
2. "Previous" refers to calendar year 2009, and "Current" refers to calendar year 2010.
3. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

Budget Activity: Tax Increment Financing
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		$1,235		$1,235
Current Law Expenditures (FY 2014-15)		$1,342		$1,342
Governor's Recommended Expenditures (FY2014-15)		$1,342		$1,342
$ Change from FY 2014-15 Current Law to Governor's Rec		$0		$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Tax Increment Financing
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$2,404		$2,404
TRANSFERS IN		$1,600		$1,600
SOURCES OF FUNDS		**$4,004**		**$4,004**
BALANCE FORWARD OUT		$2,662		$2,662
EXPENDITURES		$1,342		$1,342
PAYROLL EXPENSE		$1,155		$1,155
OPERATING EXPENSES		$175		$175
CAPITAL OUTLAY-REAL PROPERTY		$12		$12
USES OF FUNDS		**$4,004**		**$4,004**