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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1160**

02/13/2017 Authored by Runbeck; Anderson, S.; Koznick; Lohmer; Dean, M., and others
The bill was read for the first time and referred to the Committee on Transportation and Regional Governance Policy
03/06/2017 Adoption of Report: Amended and re-referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to transportation; requiring auditing and reporting on certain transit financial
1.3 activity; appropriating money; amending Minnesota Statutes 2016, sections 3.971,
1.4 subdivisions 2, 6; 3.972, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2016, section 3.971, subdivision 2, is amended to read:

1.7 Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial
1.8 Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this
1.9 section.

1.10 (b) Each division may be supervised by a deputy auditor, appointed by the legislative
1.11 auditor, with the approval of the commission, for a term coterminous with the legislative
1.12 auditor's term. The deputy auditors may be removed before the expiration of their terms
1.13 only for cause. The legislative auditor and deputy auditors may each appoint a confidential
1.14 secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy
1.15 auditors and confidential secretaries shall be determined by the compensation plan approved
1.16 by the Legislative Coordinating Commission. The deputy auditors may perform and exercise
1.17 the powers, duties and responsibilities imposed by law on the legislative auditor when
1.18 authorized by the legislative auditor.

1.19 (c) The legislative auditor must appoint a fiscal oversight officer with duties that include
1.20 performing the review under section 3.972, subdivision 4.

1.21 (d) The deputy auditors and the confidential secretaries serve in the unclassified civil
1.22 service, but the fiscal oversight officer and all other employees of the legislative auditor are
1.23 in the classified civil service. Compensation for employees of the legislative auditor in the

2.1 classified service shall be governed by a plan prepared by the legislative auditor and approved
2.2 by the Legislative Coordinating Commission and the legislature under section 3.855,
2.3 subdivision 3.

2.4 (e) While in office, a person appointed deputy for the Financial Audit Division must
2.5 hold an active license as a certified public accountant.

2.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.7 Sec. 2. Minnesota Statutes 2016, section 3.971, subdivision 6, is amended to read:

2.8 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements
2.9 of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota
2.10 State Colleges and Universities, the University of Minnesota, state agencies, departments,
2.11 boards, commissions, offices, courts, and other organizations subject to audit by the
2.12 legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural
2.13 Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society,
2.14 ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Council,
2.15 Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial
2.16 audits must be conducted according to generally accepted government auditing standards.
2.17 The legislative auditor shall see that all provisions of law respecting the appropriate and
2.18 economic use of public funds and other public resources are complied with and may, as
2.19 part of a financial audit or separately, investigate allegations of noncompliance.

2.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.21 Sec. 3. Minnesota Statutes 2016, section 3.972, is amended by adding a subdivision to
2.22 read:

2.23 Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must
2.24 perform a transit financial activity review of financial information for the Metropolitan
2.25 Council's Transportation Division and the joint powers board under section 297A.992.
2.26 Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the
2.27 review to the Legislative Audit Commission and the chairs and ranking minority members
2.28 of the legislative committees with jurisdiction over transportation policy and finance, finance,
2.29 and ways and means.

2.30 (b) At a minimum, each transit financial activity review must include:

2.31 (1) a summary of monthly financial statements, including balance sheets and operating
2.32 statements, that shows income, expenditures, and fund balance;

3.1 (2) a list of any obligations and agreements entered into related to transit purposes,
3.2 whether for capital or operating, including but not limited to bonds, notes, grants, and future
3.3 funding commitments;

3.4 (3) the amount of funds in clause (2) that has been committed;

3.5 (4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues
3.6 and fund balance compared to expenditures, taking into account (i) all expenditure
3.7 commitments, (ii) cash flow, (iii) sufficiency of estimated funds, and (iv) financial solvency
3.8 of anticipated transit projects; and

3.9 (5) a notification concerning whether the requirements under paragraph (c) have been
3.10 met.

3.11 (c) The Metropolitan Council and the joint powers board under section 297A.992 must
3.12 produce monthly financial statements as necessary for the review under paragraph (b),
3.13 clause (1), and provide timely information as requested by the legislative auditor.

3.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.15 Sec. 4. **INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.**

3.16 (a) The first transit financial activity review and report submitted under Minnesota
3.17 Statutes, section 3.972, subdivision 4, must include financial information from the period
3.18 beginning on January 1, 2016, and through the end of the fiscal quarter immediately preceding
3.19 the date of the report.

3.20 (b) The legislative auditor must provide a copy of the review under paragraph (a) to
3.21 each county that is party to the joint powers agreement under Minnesota Statutes, section
3.22 297A.992.

3.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.24 Sec. 5. **APPROPRIATION.**

3.25 \$...... in fiscal year 2017 is appropriated from the general fund to the legislative auditor
3.26 for the purposes specified in Minnesota Statutes, section 3.972, subdivision 4.
3.27 Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available for two
3.28 years after the year of appropriation.

3.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.