

1.1 A bill for an act

1.2 relating to local government; eliminating audit requirements for very small  
1.3 towns; amending Minnesota Statutes 2008, section 367.36, subdivision 1, as  
1.4 amended.

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

1.6 Section 1. Minnesota Statutes 2008, section 367.36, subdivision 1, as amended by  
1.7 Laws 2010, chapter 191, section 6, is amended to read:

1.8 Subdivision 1. **Transition; audit.** (a) In a town in which option D is adopted, the  
1.9 incumbent treasurer shall continue in office until the expiration of the term. Thereafter, or  
1.10 at any time a vacancy other than a temporary vacancy under section 367.03 occurs in the  
1.11 position, the duties of the treasurer prescribed by law shall be performed by the clerk who  
1.12 shall be referred to as the clerk-treasurer. If option D is adopted at an election in which the  
1.13 treasurer is also elected, the election of the treasurer's position is void.

1.14 (b) If the offices of clerk and treasurer are combined and the town's annual revenue  
1.15 is more than the amount in paragraph (c), the town board shall provide for an annual audit  
1.16 of the town's financial affairs by the state auditor or a public accountant in accordance  
1.17 with minimum audit procedures prescribed by the state auditor. If the offices of clerk and  
1.18 treasurer are combined and the town's annual revenue is the amount in paragraph (c) or  
1.19 less, the town board shall provide for an audit of the town's financial affairs by the state  
1.20 auditor or a public accountant in accordance with minimum audit procedures prescribed by  
1.21 the state auditor at least once every five years, which audit shall be for a one-year period to  
1.22 be determined at random by the person conducting the audit. Upon completion of an audit  
1.23 by a public accountant, the public accountant shall forward a copy of the audit to the state

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2.1 auditor. For purposes of this subdivision, "public accountant" means a certified public  
2.2 accountant or a certified public accounting firm licensed in accordance with chapter 326A.

2.3 (c) For the purposes of paragraph (b), the amount in 2004 is \$150,000, and in 2005  
2.4 and after, \$150,000 adjusted for inflation using the annual implicit price deflator for state  
2.5 and local expenditures as published by the United States Department of Commerce.

2.6 (d) If the offices of clerk and treasurer are combined, the town's population is under  
2.7 125, and the town's annual revenue is less than one-third the amount in paragraph (c), the  
2.8 town does not have to provide for an audit of the town's financial affairs by the state  
2.9 auditor or a public accountant.