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Auditing of Townships – An Update from the State Auditor

By Rebecca Otto, Minnesota State Auditor

The State Auditor oversees more than \$20 billion spent annually by local governments in Minnesota. The Office does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office.

Township Audits

Of the approximately 1,800 townships in Minnesota, less than 100 townships are required to be audited.

Whether a township has to have its financial statements audited depends on its population, annual revenue, and whether the offices of clerk and treasurer have been combined. The annual revenue thresholds are adjusted each year for inflation. Please be aware that the revenue thresholds for December 31, 2007 audits will not be available until early 2008. The December 31, 2007 revenue thresholds will be posted to the Office of the State Auditor's website when they are available.

The following revenue thresholds apply for December 31, 2006 audits:

- A township with a population over 2,500 and annual revenue greater than \$746,049 must have an audit of its 2006 financial statements. The financial statements are required to be presented in conformance with generally accepted accounting principles.
- A township with a combined clerk/treasurer must have an annual audit for 2006 if its annual revenue was greater than \$166,901. A township with a combined clerk/treasurer with annual revenue of \$166,901 or less must have an audit once every five years.

Change in Policy Regarding Rotational Audits of Townships

Beginning with the 2006 audits, the Office of the State Auditor will not be directly auditing

townships on a rotational basis. Instead, our office will review the township audits conducted by private CPA firms and will ask townships how and when certain audit findings will be resolved. We will perform audits if requested by town boards or if petitioned by town electors.

If you have any questions please call Greg Hierlinger, 651-296-7003, or email him at Greg.Hierlinger@state.mn.us.