

Subd. 3. The sum of \$80,000 of the funds appropriated pursuant to Laws 1976, Chapter 254, Section 16, Clause (e), is cancelled. For the fiscal years 1978 and 1979, the sum of \$80,000 is appropriated from the general fund to the director of the housing finance agency for the purpose of studying and reporting to the legislature by January 15, 1979, on existing loan programs for the rehabilitation of low and moderate income rental housing for energy conservation purposes. In particular, the study shall focus on the financial impact of rehabilitation and energy conservation programs on tenants. The director shall also include in the report to the legislature his recommendations for additional legislation for energy conservation programs for low and moderate income rental housing, and for methods of protecting tenants from unreasonable costs as a result of such programs. The spending limit on general administrative cost of housing finance agency programs for fiscal years 1978 and 1979 shall be increased by the amount of the funds appropriated by this subdivision.

Sec. 24. EFFECTIVE DATE. This act shall be effective the day after enactment. Section 11 shall be effective for assessments made for taxes levied in 1978 and payable in 1979 and thereafter.

Approved April 5, 1978.

CHAPTER 787-H.F.No.2292

[Coded in Part]

An act relating to cities; establishing requirements for financial statements, reports and audits; providing a time limit for submissions of certain reports to the state auditor; providing for enforcement of reporting requirements; appropriating money; amending Minnesota Statutes 1976, Chapter 471, by adding sections; repealing Minnesota Statutes 1976, Sections 412.281 and 412.291.

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

Section 1. Minnesota Statutes 1976, Chapter 471, is amended by adding a section to read:

[471.695] CITIES FINANCIAL STATEMENTS, REPORTS AND AUDITS; DEFINITIONS. For the purposes of sections 1 to 5, "city" means a statutory city or home rule charter city.

Sec. 2. Minnesota Statutes 1976, Chapter 471, is amended by adding a section to read:

[471.696] FISCAL YEAR; DESIGNATION. Beginning in 1979 the fiscal year of a city and all of its funds shall be the calendar year. The state auditor may upon request of a city and a showing of inability to conform, extend the deadline for compliance with this section for one year.

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Sec. 3. Minnesota Statutes 1976, Chapter 471, is amended by adding a section to read:

[471.697] FINANCIAL REPORTING; AUDITS; CITIES OF MORE THAN 2,500 POPULATION. Subdivision 1. In any city with a population of more than 2,500 according to the latest state or federal census, the city clerk or chief financial officer shall:

(a) Prepare a financial report covering the city's operations during the preceding fiscal year after the close of the fiscal year and publish the report or a summary of the report, in a form as prescribed by the state auditor, in a newspaper in the city or, if there be none, post copies in three of the most public places in the city. The report shall contain financial statements and disclosures which present the city's financial position and the results of city operations in conformity with generally accepted accounting principles. The report shall include such information and be in such form as may be prescribed by the state auditor;

(b) File the financial report in his office for public inspection and present it to the city council after the close of the fiscal year. One copy of the financial report shall be furnished to the state auditor after the close of the fiscal year; and

(c) Submit to the state auditor audited financial statements which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year, except that the state auditor may upon request of a city and a showing of inability to conform, extend the deadline. The state auditor may accept this report in lieu of the report required in clause (b) above.

Subd. 2. The state auditor shall continue to audit cities of the first class pursuant to section 6.49.

Sec. 4. Minnesota Statutes 1976, Chapter 471, is amended by adding a section to read:

[471.698] FINANCIAL REPORTING; CITIES OF LESS THAN 2,500 POPULATION. Subdivision 1. In any city with a population of less than 2,500 according to the latest state or federal census, the city clerk or chief financial officer shall:

(a) Prepare a detailed statement of the financial affairs of the city in the style and form prescribed by the state auditor, for the preceding fiscal year showing all money received, with the sources, and respective amounts thereof; all disbursements for which orders have been drawn upon the treasurer; the amount of outstanding and unpaid orders; all accounts payable; all indebtedness; contingent liabilities; all accounts receivable; the amount of money remaining in the treasury; and all items necessary to show accurately the revenues and expenditures and financial position of the city;

(b) File the statement in his office for the public inspection and present it to the city council within 45 days after the close of the fiscal year;

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(c) (1) Publish the statement within 60 days after the close of the fiscal year in a newspaper published in the city; or

(2) If there is no newspaper in the city, the clerk shall, at the direction of the city council, publish the statement in the official newspaper published elsewhere or post copies in three of the most public places in the city; or

(3) If city council proceedings are published monthly or quarterly, showing to whom and for what purpose orders are drawn upon the treasurer, the annual statement to be published as required by this section may be summarized in such form as the state auditor may prescribe; and

(d) Submit within 90 days after the close of the fiscal year a copy of the statement to the state auditor in such summary form as the state auditor may prescribe.

Subd. 2. Any city described in subdivision 1 may comply with the provisions of section 3, in which case the provisions of subdivision 1 shall not apply to the city.

Sec. 5. Minnesota Statutes 1976, Chapter 471, is amended by adding a section to read:

~~[471.699]~~ **ENFORCEMENT OF REPORTING REQUIREMENTS.** Failure of a city to timely file a statement or report under section 3 or 4 shall, in addition to any other penalties provided by law, authorize the state auditor to send full time personnel to the city or to contract with private persons, firms or corporations pursuant to section 6.58, in order to complete and file the financial statement or report. The expenses related to the completion and filing of the financial statement or report shall be charged to the city. Upon failure by the city to pay the charge within 30 days of billing, the state auditor shall so certify to the commissioner of finance who shall forward the amount certified to the state auditor's revolving fund and deduct the amount from any state funds due to the city under any shared taxes or aids. The state auditor's annual report on cities shall include a listing of all cities failing to file a statement or report.

Sec. 6. **APPROPRIATION.** There is appropriated to the state planning agency the sum of \$50,000 from the general fund for the period ending June 30, 1979 for the purpose of making grants to cities for converting from a cash basis to a modified accrual basis of financial reporting and for training city clerks or chief financial officers in the methods of a modified accrual basis of financial reporting.

Sec. 7. **REPEALER.** Minnesota Statutes 1976, Sections 412.281 and 412.291, are repealed.

Sec. 8. **EFFECTIVE DATE.** This act is effective January 1, 1979, except section 6 which is effective July 1, 1978.

Approved April 5, 1978.

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