

7380.0297 REPORTS, DISCLOSURE, AND AUDITS.

Subpart 1. **Reports.** During the term of the loan, the borrower shall make written reports to the authority on forms provided by the authority and on a schedule determined by the executive director.

Subp. 2. **Disclosure.** During the term of the loan, the borrower is required on its own volition to disclose to the authority any material information or events impacting the creditworthiness of the borrower, including, but not limited to, those requirements contained in the Code of Federal Regulations, title 17, section 240.15c2-12 adopted by the United States Securities and Exchange Commission. If and when required by the rule, the borrower shall enter into a continuing disclosure document in a form acceptable to the authority.

Subp. 3. **Audits.** Except as provided in subpart 4, a municipal borrower shall provide to the authority acceptable reports of independent annual audits for the term of the loan. Audit reports must be submitted within 30 days after the completion of the audit but no later than nine months after the end of the audit period. The audits must be conducted in accordance with generally accepted government auditing standards and, where applicable, in compliance with the Single Audit Act requirements of the federal Office of Management and Budget, circular A-133, published in the Federal Register, volume 61, number 215, on November 5, 1996, and in compliance with the Single Audit Act Amendment of 1996, United States Code, title 31, sections 7501 to 7507, as amended from time to time. A borrower pledging a general obligation bond shall list the debt as a general obligation debt of the borrower in its audit report. A borrower pledging a revenue bond shall list the debt as revenue debt in its audit report.

Subp. 4. **Waiver of audit requirements.**

A. Beginning in the calendar year following the final disbursement of loan funds, the borrower may request a waiver from the authority of the annual independent audit. A waiver shall be granted by the authority if the following conditions are met:

- (1) the borrower submits a request in writing;
 - (2) the total outstanding balance of all authority loans are less than \$300,000 or such other amount acceptable to the agencies that rate the authority's debt;
 - (3) independent annual audits have been provided as required;
 - (4) loan repayments have been made to the authority on time;
 - (5) revenues are sufficient to repay debt and operate and maintain the system;
- and
- (6) the borrower is in compliance with all terms and conditions of the loan agreements.

B. A waiver provided to a borrower shall be revoked by the authority if any of the following conditions occur:

(1) failure to make payments when due;

(2) failure to submit, within 12 months of the end of the reporting year, an annual financial report as required by the Office of the State Auditor pursuant to Minnesota Statutes, section 6.47, including operating statements from the enterprise funds and any future independent audits completed for other purposes; or

(3) failure to comply with all terms and conditions of the loan agreements.

C. The waiver shall be suspended by the authority when the authority issues a new loan to the borrower.

Statutory Authority: *MS s 446A.07; 446A.081; 446A.11*

History: *22 SR 397; 32 SR 321*

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