



OFFICE OF THE STATE AUDITOR

E-Update

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1. Statement of Position

One new TIF Statement of Position is now available on our website.

TIF Segregation of Funds, No. 2007-3002, discusses the need for an accounting system that allows a TIF authority to establish which expenditures were paid with tax increment from a particular TIF district, and which expenditures were paid from other sources of funds. It can be found on our website at

http://www.auditor.state.mn.us/other/Statements/tiffundsegregation_0706_statement.pdf.

2. Pension Division – Legislative Update

The legislative session began with a number of hearings regarding the efficiencies and investment performance of Minnesota's volunteer fire relief associations. Despite this attention and focus on relief associations, only a few changes, which are discussed below, ultimately became law.

- **Survivor Supplemental Benefits** – Last year a bill was passed that provided authority for relief associations to pay an increased supplemental benefit upon the payment of a survivor benefit. The survivor supplemental benefit is equal to 20 percent of the survivor benefit amount, up to \$2,000. A relief association must amend its bylaws

in order to pay the higher supplemental benefit. The Pension Omnibus Bill that passed this year clarifies that survivors are only eligible to collect the 20 percent up to \$2,000 supplemental benefit, and are **NOT** eligible for the regular 10 percent up to \$1,000 supplemental benefit that is limited to service pensions. This means that survivors are not eligible to receive a supplemental benefit unless the relief association elects to pay the survivor supplemental benefit amount. For bill language see: <http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S0430.4.html&session=ls85>

- **Corporate Registration with the Secretary of State’s Office** – Relief associations have been required to file annually a corporate registration with the Secretary of State’s Office. Relief associations that failed to file the registration were dissolved. The Omnibus State Government Finance Bill that was passed this year eliminates the requirement that relief associations complete and file the registration, beginning with this fiscal year. For bill language see: <http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H0548.2.html&session=ls85>

3. Avoiding Pitfalls – Sale of Public Property to Public Officers and Employees

Generally, political subdivisions may not sell property or materials owned by the political subdivision to its officers or employees.

The statute, Minn. Stat. § 15.054, contains an exception to this general prohibition for employees (but not for officers) if the property or materials are no longer needed by the political subdivision, and the sale is made after reasonable public notice (at least one week’s published notice) at a public auction or by sealed bids. To qualify for the exception, the employee must not be directly involved in the auction or the sealed bid process. The general prohibition also does not apply to property or materials acquired or produced by the political subdivision for sale to the general public in the ordinary course of business.

A separate law, Minn. Stat. § 382.18, prohibits county officials and employees, and commissioners of tax-forfeited lands and their assistants, from purchasing any property, real or personal, from the county. In a 1979

opinion, the Attorney General's Office stated that, notwithstanding the prohibitions of this statute, county employees may purchase county property if the requirements of Minn. Stat. § 15.054 are satisfied.
