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1. Avoiding Pitfalls I – TIF Expenditures and PAYG Notes

TIF expenditures with respect to pay-as-you-go notes (PAYG Notes) must be documented. Even if a development agreement states the qualifying purpose for which TIF revenues will be expended, a developer who is to be reimbursed with a PAYG Note is required to provide invoices or other forms of validation substantiating that such costs were incurred. The principal amount of the PAYG Note cannot exceed the amount actually expended and documented. The authority needs to review and approve the invoices of the developer before the issuance of a PAYG Note.

2. Avoiding Pitfalls II – Donations to Non-Profit Entities by Governmental Units

An expenditure of public funds must have both a public purpose, and specific statutory or charter authority. Although charities and other non-profit entities may benefit their communities, government entities may not donate to them without specific statutory or charter authority. For example, although the Red Cross works to benefit the public, a local unit of government is not specifically authorized to donate funds to it.

If no specific authority for a donation exists, public entities may contract with a non-profit entity for a particular service that the public entity is authorized to provide. To avoid allegations that an impermissible donation

has been made, the public entity should enter into a written agreement with the non-profit entity documenting what the public entity is receiving in exchange for the payment.

For more information on this topic, see our website at:

http://www.osa.state.mn.us/other/educationalmaterials/public_purpose_doctrine.pdf, and

http://www.osa.state.mn.us/other/educationalmaterials/public_purpose_school_districts.pdf.

3. Pension Reminder – Submit Bylaws and Approvals

Volunteer fire relief associations are required under state law to submit a revised copy of their governing bylaws with the Office of the State Auditor upon the adoption or approval of any amendment. When submitting amended bylaws, please also remember to submit copies of the relief association meeting minutes and the municipal meeting minutes or resolution reflecting approval of the bylaw changes. For relief associations that are affiliated with an independent nonprofit firefighting corporation, a copy of the independent board approval should be submitted in place of the municipal approval. If you have questions, please contact Gail Richie with the Pension Division at (651) 282-6110 or Gail.Richie@state.mn.us.
