



OFFICE OF THE STATE AUDITOR

E-Update

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**State Auditor
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1. Statement of Position – Fund Balances for Local Government

A revised Statement of Position (SOP) on Fund Balances for Local Government is now available on our website. Fund Balances for Local Government, No. 2007-1022, recommends that a fund balance policy be adopted that is applicable to the circumstances of each local government. Similar to the previous SOPs, the SOP recommends that the general and special revenue funds maintain an unreserved fund balance of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures. The primary change in this SOP is that the previous Fund Balance SOPs for Cities and Counties have been combined into one SOP that can be applicable for all local governments. It can be found on our website at

http://www.auditor.state.mn.us/other/Statements/fundbalances_0708_statement.pdf.

2. Registration for TIF Basics Training Sessions Now Open

The TIF Division will be conducting five TIF Basics training sessions in the fall. The TIF Basics sessions provide a two day entry-level general overview of TIF. The first day will be devoted to explaining the basics of TIF. Anyone who needs a basic or refresher course on TIF is encouraged to attend. Day two will be devoted to assisting TIF representatives responsible

for filling out annual TIF reports. This session will be limited to 10-12 people. The dates and locations of the training sessions are as follows:

September 19 and 20 – Eveleth
October 3 and 4 – Little Falls
October 24 and 25 – Wabasso
November 1 and 2 – Chanhassen
November 8 and 9 – Stewartville

A registration form can be found on the Office of the State Auditor's website at www.auditor.state.mn.us. The agenda and information presented will be the same at each location and are provided at no cost to attendees. Pre-registration is required. The deadline for registration is five business days prior to each session. If you have questions, please contact the TIF Division at (651) 296-4716 or (651) 296-9255 or by email at tifdivision@auditor.state.mn.us.

3. Avoiding Pitfalls – Documentation for Claims: Original Itemized Receipts/Invoices

Original itemized receipts and invoices should be retained by public entities to support claims paid.

Itemized receipts are needed to determine the date, time and items purchased. For example, a signature receipt from a credit card purchase would not provide adequate detail such as the time of the purchase, or whether unauthorized purchases (such as alcoholic beverages or meals for additional individuals) were made.

Original receipts/invoices are needed because photocopies may not reveal changes made to the original receipt/invoice. For example, a photocopy of a credit card statement might not show that an unauthorized item (such as "cash withdrawal – casino") had been replaced with a legitimate vendor's name. Similarly, an original receipt could be cut, taped and photocopied to hide unauthorized purchases, or to change the date, time or vendor on the receipt.

We have actually seen all of these examples in our work.

The statute requiring the itemization of claims is Minn. Stat. § 471.38.

4. Pension Reminder – State Board of Investment

Volunteer fire relief associations are authorized to invest through the State Board of Investment (SBI)'s Supplemental Fund. The Supplemental Fund is essentially a family of mutual funds that is managed by the State of Minnesota. Each relief association that invests with the SBI has its own account, and chooses which SBI funds to invest in. There are currently over 200 relief associations that invest some or all of their assets through the SBI. Relief association trustees should remember that the SBI is a viable alternative to fee driven investment services. The SBI is able to keep investment management fees extremely low because it has over \$55 billion under management. Fees for the Income Share Account, which is a balanced fund, are only \$0.01 for every \$100 invested. There are never any purchase or sales charges. If you would like additional information regarding the SBI please view its website at www.sbi.state.mn.us.
