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State Auditor
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1. Pension Update - Working Group Report

The Office of the State Auditor's Volunteer Fire Relief Association Working Group held its first meeting of the year on Tuesday, October 23. One item the Group discussed was audit requirements for relief associations. Relief associations currently must have an audit prepared if the plan's assets or liabilities exceed \$200,000. Once a relief association crosses this threshold, an audit is required even if the assets and liabilities subsequently drop below the threshold. The Working Group members acknowledged that the cost of an audit can be considerable for smaller relief associations, but the members agreed that the value of the audit outweighed the cost. Audits are proactive and preventative, and should give reassurance to plan members and the affiliated municipality. After much discussion, the Working Group members voted to not make any recommendations for changing the audit threshold.

Meeting agendas, minutes, and other materials will be posted in the Fire Relief Association Working Group section of our website at www.auditor.state.mn.us. The next Working Group meeting is Thursday, November 1, from 11:00 am to 1:00 pm at our Saint Paul office. Topics on the agenda for next week's meeting include disability, survivor, and funeral benefit issues. If you have questions regarding the Working Group, please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.

2. CTAS Users: Helpful Hint – Changing Beginning Balances

To change beginning balances, begin by clicking on the Cash icon in CTAS. Then highlight the fund and click the Edit button. Enter the correct balance and click the Save button. The Current Balance and the Fund Amount should be the same amount for the current fiscal year.

3. Avoiding Pitfalls – Asset Inventories

Each governmental entity should have an inventory of assets. In addition to complying with auditing standards, an inventory may help determine the extent of loss if a break-in occurs, and may help detect employee thefts.

To develop and maintain an asset inventory system, we recommend that public entities:

- Set a minimum dollar value for assets that will be included on the asset inventory list(s).
- Assign actual or historical costs to each item.
- Create an inventory of all assets above the minimum dollar amount.
- Assign the responsibility for knowing the location of each asset to a department head or official.
- Label each asset with identifying information, such as the name of the public entity and a unique asset number.
- For “capital assets” as defined by GASB Statement 34:
 - Identify and record capital asset information in your accounting system;
 - Determine the useful life for various classes of assets to be used for depreciation purposes; and
 - Create general ledger account codes to record capital asset transactions.
- Record the disposal of assets, and the acquiring of new assets.
- Keep your asset inventories current by conducting physical inventory inspections on a regular basis.

More information on inventories is found in, “A Guide to Local Government Capital Assets,” located on our website at:

http://www.osa.state.mn.us/other/GASBTools/capital_asset_guide.pdf.

More information on GASB 34 can be found on our website at:

<http://www.osa.state.mn.us/default.aspx?page=gasbimplementation>.