



OFFICE OF THE STATE AUDITOR

E-Update

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State Auditor
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1. Special Districts Reporting Deadline: December 7th

Special districts need to submit the Special District Financial Reporting Form and Audited Financial Statements by December 7, 2007. Audited financial statements should be emailed in an Adobe Acrobat Format (PDF) to the Office of the State Auditor at specialdistrict@auditor.state.mn.us.

In an effort to make reporting easier and more convenient, the Office of the State Auditor has developed a spreadsheet for completing the Special District Financial Reporting Form. You can download the spreadsheet by visiting the Office of the State Auditor's website at <http://www.auditor.state.mn.us>. *CAUTION: Before beginning, please be sure to save your reporting form to your local computer.*

The file can either be emailed or mailed to our office, but email is preferred. If you choose the option of emailing the file to our office, the email address is specialdistrict@auditor.state.mn.us. When emailing the reporting form to our office, include the name of your local government, and your name and title in the body of the email. In addition, include the name of your local government on the subject line of the email.

If you have questions or require assistance, please do not hesitate to call David Kazeck, director of the Government Information Division, at (651) 297-3682 or email at Dave.Kazeck@state.mn.us.

2. Legal Compliance Guide – Updated Version Released

The 2007 revision of the Minnesota Legal Compliance Audit Guide for Local Government is complete and available online at the Office of the State Auditor’s website. Enactments of the 2007 Minnesota Legislature have been incorporated. The most notable change involves contracting and bidding. Beginning July 1, 2007, counties, cities and large school districts have been able to use best value procurement as an alternative for construction, building, alteration, improvement, repair and maintenance contracts. Other local governments will be phased in pursuant to statute. The revised version can be accessed at <http://www.auditor.state.mn.us>.

3. Avoiding Pitfalls - Claim Approval by the Governing Body

On occasion, individual elected officials authorize a payment on behalf of their public entity. Generally, the governing body of a public entity, as a whole, must approve the expenditure of public funds. The decision to expend public funds should be based upon a formal vote of the governing body, and memorialized in the meeting minutes.

A public official who individually agrees to a payment of public funds runs the risk that the governing body will disagree. When that happens, the public official may be personally liable for the payment, or the goods that have been purchased may be returned. Individual public officials should avoid making promises requiring the expenditure of public funds.

Additional information on the role of individual public officials and the role of the entire governing body may be found in Chapter 6 (pages 15-16) of the League of Minnesota Cities’ Handbook for Minnesota Cities (<http://www.lmc.org/handbook/Chapter06.pdf>) and Chapter 6 (section 6-2) of the Minnesota Association of Townships’ Township Manual (<http://www.mntownships.org>).

4. Pension Update – Working Group Report

The Office of the State Auditor’s Volunteer Fire Relief Association Working Group held its fourth meeting of the year on Thursday, November 29. The Group discussed issues regarding ancillary benefits, deferred interest, and investments. The members decided to add a definition of the term “ancillary

benefit” to its legislative proposal, and also decided to clarify state law by requiring that permanent disability and survivor benefits for active members be equal to a member’s “total earned service pension.” This means that the benefits would be equal to the member’s years of service times the annual benefit level. Reductions would not be made to permanent disability or survivor benefits for active members that serve less than 20 years. The Working Group also adopted a change to the definition of the term “surviving spouse.”

The deferred interest discussion focused on the requirement that interest be allocated monthly for members that separate under certain interest options. The members decided to allow greater flexibility for allocating deferred interest by allowing interest to be allocated on a monthly basis or an annual basis.

Finally, the Working Group tackled investment issues by reviewing the title to assets authority and “other investments” limitations. The members came to an agreement on both topics and will review draft legislation at the next meeting.

As you know, the changes adopted by the Working Group are merely proposals for the legislature to consider. They do not become law unless and until they are passed by the legislature, and signed by the Governor.

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, December 6, from 12:00 pm to 2:00 pm at our Saint Paul office. (Note meeting time change.) The Working Group will discuss return to service issues at its next meeting, and will review draft legislation for the items that have obtained consensus. If you have questions regarding the Working Group please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.