



OFFICE OF THE STATE AUDITOR

E-Update

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State Auditor
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1. Best Practices Review Survey

The Office of the State Auditor is responsible for conducting Best Practices Reviews of local government operations. The focus of this year's review will be "reducing energy costs in local government." This topic is timely, given rising energy costs, and growing public awareness around energy conservation. We have heard from officials at all levels of local government who would like this review to be a resource for local governments as they consider making decisions about how to reduce energy costs.

The Best Practices Survey will be sent to town clerks, town treasurers, city administrators, city clerks, city finance directors, county auditors, county coordinators, school district superintendents, and special district officers via email and mail within the next week. Email with a link will be sent through the online survey tool, SurveyMonkey, to local governments whose email addresses we currently have on file. All others will get a letter and a paper copy of the survey in the mail.

The survey needs to be completed by February 15th, 2008.

If your entity does not receive the survey, please contact Julie Wroblewski at 651-297-3681 or email her at Julie.Wroblewski@state.mn.us .

2. New Release: Report on Local Government Lobbying Costs Report

The Office of the State Auditor released a comprehensive report that shows the costs of lobbying services provided to Minnesota local governments and their associations for calendar year 2006. The report is intended to inform Minnesota citizens and policy makers of the amount spent by their local government on lobbying services.

For the complete report, which includes tables and graphs, go to http://www.auditor.state.mn.us/reports/gid/2006/lobby/lobby_06_report.pdf

3. Pension Update: Working Group Report

The Office of the State Auditor's Volunteer Fire Relief Association Working Group held its final meeting of the season on Tuesday, January 8. The members reviewed a final draft of the Working Group bill, which contains legislation for eight proposals that had obtained by consensus during the previous meetings. The group also continued its discussion on "return to service" issues. Under current law, there are severe penalties for volunteer firefighters who are paid a service pension and who subsequently resume active service as a volunteer firefighter with the same fire department. Firefighters have expressed concern that the penalties could hinder their ability to adjust to changing workforce needs and increase the difficulties some communities face in recruiting and retaining volunteers.

To view the Working Group proposals, please visit the "Fire Relief Association Working Group" section of our website at www.auditor.state.mn.us. If you have questions regarding the Working Group please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.

4. TIF Update

TIF District Information Form to County Auditors

The *2007 TIF District Information Forms* will be sent to county auditors on **January 16th**. Information requested on the forms includes (i) new TIF districts created in 2007, (ii) 2007 modifications to existing districts, (iii) districts receiving first tax increment revenues in 2007, (iv) districts not

meeting the four-year rule, and (v) districts returning excess tax increment in 2007. The deadline for submitting the forms is **March 8, 2008**.

Market Value Homestead Credit Spreadsheet to TIF Authorities

Market Value Homestead Credit (MVHC) revenues for properties within TIF districts are considered tax increment and, therefore, are required to be deposited in a TIF district-specific account. A link to the Department of Revenue spreadsheet containing this MVHC information will be emailed by the TIF Division to authorities on **January 23, 2008**. As this information is pre-populated on the 2007 TIF reports, keep your MVHC spreadsheet to confirm the accuracy of the pre-populated numbers. A Statement of Position with respect to MVHC information and issues can be found on the Auditor's web site at

www.auditor.state.mn.us/other/Statements/tifmvhc_0705_statement.pdf.

If you have any questions with respect to the *2007 TIF District Information Forms* or information about MVHC, please call Marsha Pattison at (651) 296-4716 or contact her at Marsha.Pattison@state.mn.us.

5. Revised Statement of Position

Statement of Position #2007-1001, Contract Change-Orders and Contractor's Bonds, has been revised to clarify that a contractor's bond is required whether the contract is awarded through bidding or a best value request for proposals. The revised Statement can be accessed at our website at

http://www.auditor.state.mn.us/other/statements/contractorsbonds_0801_statement.pdf.

6. Avoiding Pitfalls: Need for Cross-Training

In some small public entities, we find that only one person is primarily responsible for handling the entity's various financial matters. This concentration of duties in one person is not desirable from an accounting point of view. One measure to help counter this weakness involves training a second person in the specific job duties related to the entity's finances.

Cross-training has obvious benefits. It allows a second person to perform the job when the employee primarily responsible for the job is on leave or otherwise unavailable. Having a second person perform the job duties from time-to-time also provides a method of detecting errors and/or irregularities created by the person primarily responsible for those duties. Finally, cross-training provides continuity during periods of employee transitions. Cross-training has its advantages from both an accounting and a management point of view.
