



OFFICE OF THE STATE AUDITOR

E-Update

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**State Auditor
Rebecca Otto**

July 11, 2008

1. Released: City Finance Report
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1. Released: City Finance Report

State Auditor Rebecca Otto today released a report on Minnesota City Finances for calendar year 2006. The report is intended to help citizens, local government officials, and policy makers understand city financial operations. The report summarizes the financial operations of Minnesota cities for calendar year 2006, and also examines long-term trends.

While cities appear to have ended 2006 in good financial condition with strong growth in revenues, an examination of city finances between 1997 and 2006 reveals a noteworthy trend. In particular, when adjusted for inflation, revenue and expenditure levels remain near 1998 levels. Inflation-adjusted total city revenues grew just 1 percent between 1997 and 2006, while total city expenditures, when adjusted for inflation, grew 5 percent through the same period. In addition, during the last five years of this time frame, these trends were more pronounced. From 2001 to 2006, when adjusted for inflation, revenues decreased 6 percent and expenditures decreased 3 percent.

To view the complete report, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20080711.000>

2. Deadline: TIF Reporting Form

The Annual TIF Reporting forms are due Friday, August 1st. If you have any questions, please contact Marsha Pattison at (651) 296-4716 or Jenna Ofstie at (651) 296-7001.

3. New: Statement of Position

The Office of the State Auditor has issued a new Statement of Position on County Law Libraries. The Statement of Position discusses the legal framework for the establishment and management of a county law library. In addition, it describes procedures that may be used to ensure adequate oversight of the public funds used to support the law library.

To view the complete Statement of Position, go to:

<http://www.auditor.state.mn.us/default.aspx?page=statements>

4. Avoiding Pitfalls: Fire Relief Association Audit Requirements Part I

State law permits volunteer fire relief associations with assets and liabilities of less than \$200,000 to submit certified, rather than audited, financial statements to the Office of the State Auditor. The certification must be signed by an independent public accountant or auditor, or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. The independent accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire or police department. In addition to certifying the financial condition of the special and general funds, the accountant or auditor must give an opinion as to the condition of the special and general funds and comment upon any exceptions to the financial report.

The certified financial statements must be countersigned by the municipal clerk or clerk-treasurer, presented to the city council, and kept on file in the relief association's office for public inspection.

The relevant statute is Minn. Stat. § 69.051.