



State Auditor
Rebecca Otto

OFFICE OF THE STATE AUDITOR

E-Update

July 18, 2008

*The official online
news publication of the
Office of the State Auditor*

1. Welcome: New Communications Director
2. Deadline: Pension Schedule Certification Form
3. New: Statement of Position
4. Avoiding Pitfalls: Fire Relief Association Audit Requirements -- Part 2

1. Welcome: New Communications Director

State Auditor Rebecca Otto is pleased to welcome Jim Levi as the Office of the State Auditor's new Communications Director. Jim's career as an award-winning writer and communications specialist has encompassed work with many local and national media outlets, including a successful tenure as a writer, producer and consultant with the Nickelodeon cable television network. Jim has taught writing at the University of Minnesota, St. Cloud State and the Loft Literary Center in Minneapolis. He has a Bachelor's Degree from the University of California, Santa Barbara, and a Master's in Communication Studies from the University of Iowa.

2. Deadline: Pension Schedule Certification Form

The 2008 Schedule form for lump sum volunteer fire relief associations must be certified to the governing body of the affiliated municipality on or before August 1, 2008. Relief associations that are affiliated with an independent nonprofit firefighting corporation should certify the form to the independent board. The 2008 Schedule determines the relief association's projected assets and liabilities, financial requirements, and the minimum required contribution for 2009.

Relief associations are encouraged to submit their Schedule form to the Office of the State Auditor following certification, so that a preliminary review of the data can be conducted later this year. If you have questions please contact Gail Richie with the Pension Division at (651) 282-6110 or Gail.Richie@state.mn.us

3. New: Statement of Position

The Office of the State Auditor has issued a new Statement of Position on Petty Cash (Imprest) Funds. The Statement of Position discusses aspects of how a petty cash fund should be handled, including the authority needed to establish one, how to replenish it, and security precautions to safeguard these funds.

To view the complete Statement of Position, go to:

http://www.auditor.state.mn.us/Other/statements/pettyCashFunds_0807_statement.pdf

4. Avoiding Pitfalls: Fire Relief Association Audit Requirements -- Part 2

Two important documents which fire relief associations with assets or liabilities of at least \$200,000 must annually submit to the Office of the State Auditor are: 1) audited financial statements and 2) a separate financial report form, countersigned by the municipal clerk or clerk-treasurer. The financial report form must also be presented to the city council and maintained in the relief association's office for public inspection. The relevant statute is Minn. Stat. § 69.051.

The audited financial statements must comply with the Governmental Accounting Standards Board's Statement Number 34 (GASB 34). GASB 34 requires that a Management's Discussion and Analysis (MD&A) be included in a relief association's audited financial report. If the MD&A is not included in the audited financial report, the omission should be noted in the Independent Auditor's Report. To meet the requirements of GASB 34, there are three options for presenting the General Fund: 1) consolidate the General Fund with the Special Fund, depending upon its materiality; 2) show the General Fund separately with the adjustments from modified to full accrual basis financial statements; or 3) show the General Fund separately as a fiduciary fund, in the same manner as the Special Fund.

A Legal Compliance Audit Guide is provided on the Office of the State Auditor's website at: <http://www.auditor.state.mn.us/default.aspx?page=legalcomplianceguide>. The Guide contains a section on relief associations that may be a useful reference for auditors preparing financial statements.

If you are interested in signing up to receive an e-mail version of the E-Update regularly, [click here](#).

The Office of the State Auditor is located at 525 Park Street, Suite 500, Saint Paul, MN 55103. Phone: 651-296-2551 Fax: 651-296-4755 Web: www.auditor.state.mn.us