



# OFFICE OF THE STATE AUDITOR

## *E-Update*

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publication of the Office  
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**State Auditor  
Rebecca Otto**

**January 30, 2009**

1. Released: TIF Newsletter
  2. Pension Updates: Working Group and Newsletter
  3. New: Statement of Position
  4. Avoiding Pitfalls: General Ledger Journal Entries
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### **1. Released: TIF Newsletter**

The January Tax Increment Financing (TIF) Division Newsletter was released this week. It contains information on the TIF Legislative Report, information about pre-populated data and a special section on the Market Value Homestead Credit. The Newsletter can be viewed at:

[http://www.auditor.state.mn.us/other/tifdocs/tifNewsletter\\_0901.pdf](http://www.auditor.state.mn.us/other/tifdocs/tifNewsletter_0901.pdf)

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### **2. Pension Updates: Working Group and Newsletter**

#### **Fire Relief Association Working Group**

The 2008-2009 Volunteer Fire Relief Association Working Group held its final meeting on January 27. The Working Group reviewed and approved draft legislation that had been adopted in concept at previous meetings.

The Working Group bill that will be introduced this session includes proposals that should help fire departments, especially in Greater Minnesota, which are having a difficult time recruiting and retaining volunteers. One proposal would eliminate penalties on resuming active service with a volunteer fire department after being paid a service pension, with the relief association bylaws defining conditions on the return to service. The proposal would also give relief associations greater flexibility in defining in their bylaws conditions on members who return to active service after a break in service or a leave of absence. Copies of the meeting agenda and exhibits can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=RWG-090127>.

Once the Working Group bill has been finalized, a copy will also be posted on our website with a summary of the recommendations. We will keep you updated on the bill's progress as it makes its way through the legislative process. If you have questions regarding the Working Group proposals, please contact Rose Hennessy Allen at (651) 296-5985 or at: [Rose.Hennessy-Allen@state.mn.us](mailto:Rose.Hennessy-Allen@state.mn.us).

## **Newsletter**

The January Pension Division Newsletter was released this week. It provides information on 2008 Reporting Year Forms and answers questions we've received from relief association trustees and municipal representatives about the recent market volatility. The Newsletter can be viewed at:

[http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter\\_0901.pdf](http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter_0901.pdf).

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## **3. New: Statement of Position**

The Office of the State Auditor has issued a new Statement of Position on Required Municipal Contributions to Volunteer Firefighters' Pension Plans. The Statement discusses when municipal contributions are required, how benefit levels are set, and which sources of revenue can be used to pay the required contribution. To view the complete Statement of Position, go to:

[http://www.auditor.state.mn.us/other/Statements/required%20municipal%20contributions\\_0901.pdf](http://www.auditor.state.mn.us/other/Statements/required%20municipal%20contributions_0901.pdf).

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## **4. Avoiding Pitfalls: General Ledger Journal Entries**

A local government employee who makes journal entries on an entity's accounting system is able to change the entity's most basic financial records. To prevent abuse, the number of employees allowed to make journal entries should be limited. Public entities should periodically review who can make journal entries and determine if those employees need access to this function.

Entities should also maintain supporting documentation for each journal entry. The supporting documentation should explain who made the journal entry and why. Journal entries should be reviewed and approved by someone other than the person making the entries. One way to accomplish this approval process is to provide the reviewer with a report of all journal entries made during the prior week or month. When the reviewer understands the journal entries and their purpose, consulting the supporting documentation where necessary, they should sign the report to show approval of the entries.

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