



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Deadline: Special District Reporting Forms
2. Pension Updates: State Fire Aid Certification & Training Opportunity
3. Revised: Statements of Position
4. Avoiding Pitfalls: Fraud Increases During Economic Downturn

1. Deadline: Special District Reporting Forms

Special District Financial Reporting Forms and Financial Statements are due June 30 for districts whose fiscal year ended December 31, 2008. The reporting form can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20051227.001>.

2. Pension Updates: State Fire Aid Certification & Training Opportunity

State Fire Aid Certification

The Office of the State Auditor is pleased to announce that all volunteer fire relief associations have now been certified as eligible for receipt of their 2008 state fire aid. The final certification deadline for 2008 state aid was June 1, 2009. Listings of the 2008 fire and police state aid amounts are available on our website at:

<http://www.auditor.state.mn.us/list.aspx?type=frm&div=pen>.

The first certification deadline for 2009 state fire and police aid is September 15, 2009.

Training Opportunity

Members of our Pension Division will be conducting a training session at the annual Minnesota State Fire Department Association (MSFDA) conference in Owatonna. The session will be from 8:00 AM to noon on the morning of Friday, June 12th.

If you didn't have an opportunity to attend one of our training sessions this spring, we encourage you to register for the MSFDA training class. Our session is listed in the conference materials as "02 – Relief Association [State Auditor Reports]," and will cover topics including calculating required municipal contributions, compliance issues, bylaws, investments, recent legislative actions, and reporting forms. If you will be at the MSFDA conference but are not able to attend our training class, please stop by before or after the session to meet members of our Pension team.

3. Revised: Statements of Position

Four TIF Statements of Position have been revised to comport with the 2009 Amendments to the TIF Act:

1) The Statement of Position entitled **TIF Segregation of Funds** has been revised to replace the term "public funds" with the term "tax increment revenues." To view the Statement, go to:

http://www.auditor.state.mn.us/other/Statements/tiffundsegregation_0706_statement.pdf.

2) The Statement of Position on **TIF's Four-Year Knock-Down Rule** has been revised to include the extension of the Knock-Down Rule to six years for districts certified on or after January 12, 2005, and before April 20, 2009. The Statement can be found at:

http://www.auditor.state.mn.us/other/Statements/tif_fouryearknockdownrule_0902_statement.pdf.

3) The Statement of Position entitled **TIF Pay-as You-Go Obligations** has been revised to acknowledge the clarification by the Legislature that PAYG bonds are revenue bonds. To view the Statement, go to:

http://www.auditor.state.mn.us/other/Statements/tif_pay-as-you-go_0904_statement.pdf.

4) The Statement of Position on **TIF Administrative Expenses** has been revised to recognize the Legislature's confirmation that a TIF plan does not need to identify county administrative expenses paid with tax increment, and that county administrative expenses need not be included in the ten-percent administrative expense limitation. The Statement can be found at:

http://www.auditor.state.mn.us/other/Statements/tif_administrative_expenses_0905_statement.pdf.

4. Avoiding Pitfalls: Fraud Increases During Economic Downturn

Both the number and the dollar amount of fraud have increased since the beginning of the current economic slump. This is the finding of a recent study by the Association of Certified Fraud Examiners. Specifically, the study found an increase in employee embezzlements.

According to the study, the increase in fraud stems from the pressure of increased financial strain on organizations and on individuals. Opportunities for fraud may increase as cuts are made to the workforce. Internal controls may be eliminated as a consequence of staff reductions. And bad financial news may allow individuals to rationalize previously unthinkable acts.

The study confirms that fraud prevention measures are essential during periods of financial distress. You can view the complete study at:

<http://www.acfe.com/documents/occupational-fraud.pdf>.

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