



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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June 24, 2011

1. Info: Effect of Potential Shutdown
2. Released: Performance Measures Program FAQs
3. Released: Pension Division Newsletter
4. Avoiding Pitfalls: Fire Relief Association Audit Requirements

1. Info: Effect of a Potential Shutdown

Just a reminder that we have information on the OSA website about what a potential shutdown would mean regarding access to the OSA website, availability of staff, submitting reporting forms to the OSA, access to CTAS support, and more. Please review this information at:

<http://www.auditor.state.mn.us/default.aspx?page=20110617.000>.

2. Released: Performance Measures Program FAQs

There have been some questions from cities and counties regarding the Performance Measures Program developed by the Council on Local Results and Innovation. We have developed a FAQs document that covers many of the questions. To view the complete document, please go to:

<http://www.auditor.state.mn.us/default.aspx?page=20110622.000>.

3. Released: Pension Division Newsletter

The June Pension Newsletter was released this week. It provides important information about applying for reinstatement of tax-exempt status for relief associations that have received a revocation notice from the IRS. The Newsletter also provides information about mutual fund investment authority, new online training sessions, and internal controls for special events.

The complete Newsletter can be viewed at:

http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter_1106.pdf.

4. Avoiding Pitfalls: Fire Relief Association Audit Requirements

There are two important documents that fire relief associations with assets or liabilities of at least \$200,000 must annually submit to the Office of the State Auditor: 1) audited financial statements and 2) a separate financial reporting form, countersigned by the municipal clerk or clerk-treasurer. The financial reporting 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 general accepted accounting principles (GAAP) which require that a Management's Discussion and Analysis (MD&A) be included in a relief association's audited financial statements. If the MD&A is not included in the audited financial statements, the omission should be noted in the Independent Auditor's Report. To meet the requirements of GAAP, 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.

The Minnesota Legal Compliance Audit Guide for Political Subdivisions is available on the Office of the State Auditor's website at: <http://www.auditor.state.mn.us/default.aspx?page=legalcomplianceguide>. The Audit Guide includes a legal compliance checklist for auditors of fire relief association financial statements.

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

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