



State Auditor
Rebecca Otto

OFFICE OF THE STATE AUDITOR

E-Update

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May 10, 2013

1. Released: Minnesota County Finances Report
2. Released: Forms 51 and 52
3. Amended: Performance Measures for Counties
4. Released: New and Revised Statements of Position on TIF
5. Pension: Municipal Trustees on a Relief Association's Board
6. Avoiding Pitfalls: Issuance of Checks

1. Released: Minnesota County Finances Report

State Auditor Rebecca Otto this week released the 2011 Minnesota County Finances Report. The report summarizes, through data tables and charts, the financial operations of Minnesota counties for calendar year 2011 and examines long-term trends. To view the complete Report, which includes an Executive Summary, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20130508.000>.

2. Released: Forms 51 and 52

Forms 51 (School Taxes Receivable for the year ending June 30, 2013), and 52 (School Tax Settlement Report for 2013) are now available. The Forms and instructions can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20050623.002>.

3. Amended: Performance Measures for Counties

The Council on Local Results and Innovation has made some minor amendments to the performance measures for counties list. The amended page contains clarifying language on

measure number 15, a more specific measure on number 11, and a change to the source of information for measure 10. The amended county performance measures can be found at:

<http://www.auditor.state.mn.us/other/councils/LocalResultsandInnovation/standardmeasuresforcounties.pdf>.

4. Released: New and Revised Statements of Position on TIF

New: TIF Pooling

A new Statement of Position entitled TIF Pooling has been released. The Statement summarizes the current provisions of the TIF Act that provide authority for "pooling," a term that refers to the expenditure of tax increment outside the area of a TIF district but within a project area.

The new Statement can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20110525.007>.

Revised: Five-Year Rule

The Statement of Position on the Five-Year Rule has been revised. The revised Statement, now entitled Five-Year Rule and Six-Year Rule, can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20130503.000>.

5. Pension: Municipal Trustees on a Relief Association's Board

All volunteer fire relief associations are required to be governed by a board of trustees consisting of nine trustees. Six trustees are elected by and from the relief association's membership and three are from the municipality or municipalities served by the affiliated volunteer fire department.

The municipal trustees vary slightly depending on the legal structure of the fire department with which the relief association is affiliated. For a relief association affiliated with a city fire department, the municipal trustees must be the fire chief, one elected municipal official, and one elected or appointed municipal official. For a relief association affiliated with a town fire department, the municipal trustees must be the fire chief and two trustees designated by the township board.

A municipal trustee has all the rights and duties of any other trustee except the right to be an officer of the relief association board of trustees.

For more information about relief association governance, see the Office of the State Auditor's Statement of Position on this topic, at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.004>.

6. Avoiding Pitfalls: Issuance of Checks

Governmental units need to be aware that allowing employees direct access to vendor payments creates higher risks that need to be mitigated with additional internal controls. Many larger governmental units segregate duties so one employee (or department) requests vendor payments, and another employee (in a different department) issues/mails the check to the vendor.

Funds may be improperly diverted if an employee requesting a vendor payment is allowed to physically pick up the requested check. To view two examples of the risks created when employees requesting vendor payments were allowed to pick up the vendor checks, see: "Independent School District 625 (St. Paul Public Schools) Investigative Report", found at:

<http://www.auditor.state.mn.us/default.aspx?page=20090922.007>, and

"Fraud at the Minnesota Department of Human Services", which can be viewed on the Office of the Legislative Auditor's website, at:

<http://www.auditor.leg.state.mn.us/fad/2009/DHSFraudMemo.pdf>.

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The Office of the State Auditor is located at 525 Park Street, Suite 500, St. Paul, MN 55103.
Phone: (651) 296-2551 or (800) 627-3529 (TTY) Fax: (651) 296-4755.
Web: www.auditor.state.mn.us.