



State Auditor
Rebecca Otto

OFFICE OF THE STATE AUDITOR

E-Update

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October 30, 2015

1. Deadline: County Financial Reporting Form
 2. Revised: Relief Association Sample Bylaw Guides
 3. Released: Pension Legislative Update
 4. Released: Pension Newsletter & TIF Newsletter
 5. Avoiding Pitfalls: Collateralization
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1. Deadline: County Financial Reporting Form

November 1st is the deadline for counties to submit their annual financial reporting form. The form can be accessed at:

<https://www.auditor.state.mn.us/safes/login.aspx>.

2. Revised: Relief Association Sample Bylaw Guides

The Sample Bylaw Guides for volunteer fire relief associations have been revised to incorporate recent legislative changes. The revised Guides are provided in both MS Word and Adobe PDF versions, and can be found on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

3. Released: Pension Legislative Update

The 2015 Legislative Update for volunteer fire relief associations has been released. The Update provides detailed information about several law changes that affect volunteer fire relief associations. Some changes may require a relief association to amend its bylaws. The Update can be found on the OSA website at:

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

4. Released: Pension Newsletter & TIF Newsletter

Pension Newsletter

The October **Pension Newsletter** has been released. The Newsletter describes two compliance issues the OSA has seen regarding the deposit of municipal funds into relief association accounts, and provides suggestions on how to avoid the issues. The Newsletter also provides information on municipal ratification of benefit levels. A reminder about the upcoming fire state aid forfeiture deadline and updates about the Volunteer Fire Relief Association Working Group are also included.

The complete Newsletter can be accessed at:

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

TIF Newsletter

The September/October **TIF Newsletter** is now available. The Newsletter contains information on corrections of TIF errors allowable under the TIF Act. The Newsletter also includes information on electing to delay first receipt of increment.

To view the complete Newsletter, go to:

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

5. Avoiding Pitfalls: Collateralization

State law requires public entities to maintain proper collateralization of their accounts. Collateral provides protection for public funds in the event of a bank failure.

All public funds on deposit in a bank or credit union must be protected by deposit insurance, corporate surety bond or pledged collateral. Most financial institutions choose to pledge collateral for amounts not covered by federal deposit insurance. If the institution should fail, the governmental entity can then take the pledged securities to make up for any loss to its deposited funds.

For more information about the required collateral for public funds, see our Statement of Position entitled Deposits of Public Funds, which can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110607.002>.

The risk addressed by pledged collateral is identified by the Government Accounting Standards Board (GASB) as “custodial credit risk”. Information on custodial credit risk related to investment policy is provided in our Statement of Position, Custodial Credit Risk: Investment Policy Considerations, found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110607.001>.

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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.